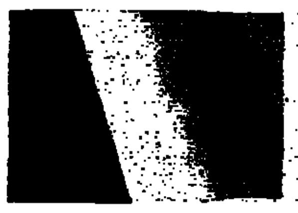
FINANCIAL TIMES



Bumpy ride
Politics and the franc
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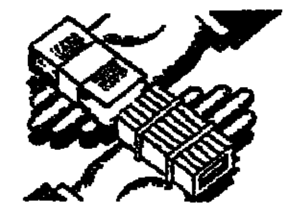
Japan in Europe
Mitsubishi joins the battle
Page 18

Congested skies
EU charts a new flightplan
Page 14



FT Exporter
Early tests for a new trade forum
Survey, Section III

World Business Newspaper TUESDAY JANUARY 31 1995 D8523A

Militants blamed after car bomb kills 38 in Algiers

A car bomb exploded along a crowded street near Algiers' main police station yesterday killing at least 38 people and injuring about 256, security forces said. It was by far the worst bombing during a three-year insurgency by Islamic militants that has killed an estimated 30,000 people. France tries to step away from conflict, Page 9

Mediators present Croatian peace plan: International mediators yesterday presented a new peace plan to the Zagreb government and breakaway Serb leaders in Croatia in an attempt to end the conflict in the former Yugoslav republic. Details of the plan, drafted by US, Russian, European and UN mediators, have yet to be made public. Page 2

PM gives Hurd assurance: The UK prime minister's office said Douglas Hurd's future as foreign secretary was "under no threat" and accused Conservative Eurosceptics of running a campaign to destablise him. Page 20

Italian nationalist parties merge:

The neo-fascist Italian Social Movement (MSI) that kept alive the flame of Mussolini's ideals for almost 50 years has merged with the National Alliance (AN), created last year by Gianfranco Fini (left), the former MSI leader. The MSI/AN obtained 13.5 per cent of the vote last March and polls give it close to 18 per cent, making it the third largest political group in Italy. Page 2

Glaxo and Wellcome to publish early: Glaxo Holdings and Wellcome are to publish their profits figures ahead of schedule in an attempt to gain the initiative in their propaganda war. Page 20

Israel scraps new tax plan: Israel's finance minister, caved in to political and public pressure and cancelled a controversial capital gains tax on stock market profits marking an embarrassing U-turn in economic policy. Page 9

Japanese industrial output rises: Japan recorded its first annual rise in industrial output for three years. Industrial output fell 0.5 per cent from November to December, leaving output for 1994 up 0.8 per cent. Page 4

Marsh & McLennan report growth: Marsh & McLennan, the US insurance broking group, reported a 12 per cent advance in after-tax profits for 1994, led by growth in its investment management and consulting businesses. Page 24

Trouble at Peugeot plant: Troublemakers are trying to wreck the performance of Peugeot Talbot's Ryton plant at Coventry in the UK, the French-owned motor vehicle group said. Page 13

Payout for Maxwell creditors: Creditors to the failed Maxwell Communications Corporation could get a first dividend payout as high as 17 per cent soon, according to a report from the administrators published yesterday. Page 13

Passenger increase helps BAA lift profits: A growing number of passengers spending more in airport shops helped lift nine months' pre-tax profit at BAA, the UK airports group, by 12.3 per cent to £328m ($512m). Page 23; Lex, Page 23

Peru claims border victory: The Peruvian army said it had dislodged Ecuadorean troops from a disputed border post along the Cordillera del Condor in the north. Neighbourly dispute, Page 19

Former Irish PM a Nobel nominee: Former Irish prime minister Albert Reynolds has been nominated for the Nobel peace prize for his role in persuading republican guerrillas to lay down arms to give Northern Ireland its best chance of peace in a generation. He was put forward by former ministerial colleagues.

US extends nuclear test deal: President Bill Clinton, aiming to improve the chances for extending the nuclear non-proliferation treaty, has extended a moratorium on US nuclear tests beyond this year. Page 9

Mitsubishi unveils European car: Mitsubishi Motors, the third largest Japanese vehicle maker, unveils its first European-built car at the Amsterdam motor show today. The new range of large family cars will be produced at a joint venture plant developed with Volvo, the Swedish carmaker, at Born in the Netherlands. Eyes on the fast lane, Page 18

STOCK MARKET INDICES

New York lunchtime:		
Dow Jones Ind Av	3,838.14	(-19.85)
NASDAQ Composite	754.82	(-4.29)
Europe and Far East:		
CAC40	1,813.43	(-0.70)
DAX	2,035.03	(+3.33)
FT-SE 100	2,995.9	(-26.3)
Nikkei	18,752.8	(+648.53)

US LUNCHTIME RATES

Federal Funds	5¾%
3-mth Treas Bills: Yld	5.881%
Long Bond	97⅛
Yield	7.742%

OTHER RATES

UK: 3-mo Interbank	6¾%	(6⅝%)
UK: 10 yr Gilt	87⅞	(87¾)
France: 10 yr OAT	95.74	(95.95)
Germany: 10 yr Bund	99.54	(99.75)
Japan: 10 yr JGB	96.394	(96.424)

NORTH SEA OIL (Argus)

Brent 15-day (Mar)	$16.49	(16.43)

GOLD

New York:		
Comex (Feb)	$376.8	(376.8)
London:		
close	$375.6	(378.35)

DOLLAR

New York lunchtime:		
£	1.593	
DM	1.5045	
FFr	5.225	
SFr	1.26875	
Y	98.4	
London:		
£	1.5908	(1.592)
DM	1.5099	(1.5119)
FFr	5.241	(5.2485)
SFr	1.272	(1.2713)
Y	98.585	(99.1)

STERLING

DM	2.4019	(2.4069)
Tokyo close:	Y 98.18	

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00		
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11		
Belgium	BFr70	Hungary	Ft185	Neth	Fl 4.25	Singapore	S$4.30		
Bulgaria	Lw100.00	Iceland	IKr220	Nigeria	Naira90	Slovak Rp	KSL60		
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00		
Czech Rp	CZK55	Israel	Shk7.90	Oman	OR1.50	Spain	Pta225		
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17		
Egypt	E£5.00	Japan	Y500	Philippines	Peso50	Switz	SFr3.60		
Estonia	EKr 20	Jordan	JD1.50	Poland	Zl 42,000	Syria	S£50.00		
Finland	FM15	Kuwait	Fils.825	Portugal (m'land)	Es230	Tunisia	Din1.500		
France	FFr10.50	Lebanon	US$1.50			Turkey	L40,000		
Germany	DM3.80	Lux	LFr70			UAE	Dh12.00		

Markets fall over worries that $40bn loan package may collapse

Clinton bids to seal Mexico aid

By George Graham in Washington

President Bill Clinton yesterday launched a concerted attempt to push through a reluctant Congress a $40bn loan guarantee package aimed at helping Mexico overcome its financial crisis.

Fears that the package might collapse sent the Mexican peso and Mexican equities tumbling, affected other Latin American markets and hit Wall Street, where the Dow average was down 40 points in afternoon trading at 3,818.

As he embarked on a series of public speeches and private telephone calls, Mr Clinton said he was optimistic that the rescue package would pass "because more often than not in very difficult issues the Congress does the right thing".

Mr Robert Rubin, the treasury secretary, said the president called on Congressional leaders to produce a final bill within the day. Mr Newt Gingrich, the Republican speaker, responded by saying this was "possible, but not probable".

Pessimism about the outlook for the package pushed the Mexican peso to a historic low of 6.375 pesos to the dollar, more than 11 per cent down on Friday's close. The Mexican stock market fell by 2.61 per cent by midday, as traders worried whether the government could continue to maintain the peso's convertibility in the face of continued outflows of dollars.

Other markets also suffered. Argentina's stock market was down 6.9 per cent, and Brazil closed 5.4 per cent lower.

Worries about Mexico pushed the dollar down, hitting a low of DM1.50 at lunchtime in New York.

US treasury secretary Robert Rubin, left, at a news conference on Mexico yesterday, with former national security adviser Brent Scowcroft, former secretary of commerce Robert Mosbacher and former US ambassador to the Organisation of American States Sol Linowitz Associated Press

Republican and Democratic negotiators, who have gone through a dozen drafts authorising the loan guarantees, were working yesterday on a new version which Mr Jim Leach, chairman of the House of Representatives banking committee and the bill's chief draughtsman, said he believed could reach a "50:50 consensus".

All the drafts incorporate the core of the administration's request: a US guarantee for up to $40bn of Mexican borrowing, with Mexico paying an upfront fee to cover US costs, and [illegible] ing revenues from its petroleum sales as security against default.

The haggling has centred on peripheral conditions that members of Congress have wanted to attach to the authorising legislation, covering issues such as immigration, prisoner exchanges and labour rights.

Democratic negotiators on Friday rejected a draft they thought contained inadequate language on labour rights, but Mr Leach said yesterday he believed that his new draft should satisfy them. "There's a lot of labour in this bill," Mr Leach said.

Congressman Robert Matsui, one of the bill's principal Democratic backers, expressed confidence that the loan guarantees would pass once a text was completed.

He said that although few members had yet endorsed the package, only 30 or so had opposed it outright.

But the plan is still a long way from receiving majority support from either the Democrats or the Republicans, especially the first term members who view it as a distraction from the "Contract with America" agenda on which they were elected.

"This is obviously an unchosen issue at an unwelcome time, but that doesn't mean it's an issue that can be ducked," Mr Leach said.

Mr Clinton yesterday acknowledged that the loan guarantee plan was "not politically popular back home" as he lobbied for support at a meeting of the National Governors' Association. Nevertheless, it was "clearly in the interests of American workers, American businesses and the United States as a whole," he told the governors.

Flood waters rising in north-west Europe

85,000 people told to evacuate their homes in the Netherlands

By Our Foreign Staff

Water levels continued to rise yesterday in north-western Europe, prompting authorities in the Netherlands to urge 85,000 people to evacuate their homes, while the Belgian, French and German governments took emergency measures.

At least 16 deaths in France have been attributed to the torrential rains over the past week, and another five people are missing. The death toll in Belgium was put at six and in Germany officials said at least two had died. In the Netherlands, rising water levels quickly continued north from the stricken southern province of Limburg to threaten river dykes, forcing authorities in the province of Gelderland to prepare for the evacuation of villages and towns along the Waal and Meuse rivers.

In Belgium, emergency workers said water levels were fast reaching the levels of December 1993, which were the worst for more than 60 years.

Nearly half the French departments have been affected by what the prime minister's office yesterday called the "Flood of the Century". Officials said a decision would be taken in the next few days on whether to declare a state of national emergency.

Mr Edouard Balladur, the prime minister, will visit the Ardennes today to inspect the damage. In Paris, the Seine continued to rise, and roads along its banks were closed and submerged.

In central and western Germany, the waters of the Rhine, and its tributaries the Main and the Mosel, were rising steadily. Observers say the Rhine is set to exceed record levels of 1926, and the threat of flooding has forced some members of parliament to vacate their offices in Bonn.

The devastation, which has left large tracts of Cologne and many Rhineside towns under water, has led to calls for special assistance. Mr Theo Waigel, Germany's finance minister, has indicated he is thinking about compensation for flood victims.

The cabinet is due to discuss the issue of improving co-ordination of flood control at its next meeting tomorrow, amid calls for a shift in responsibility from the Länder, or states, to the federal environment ministry in Bonn.

European oil and commodities

Continued on Page 20
Weather, Page 20

KHD to sell tractor unit in $600m emergency rescue

By Michael Lindemann in Bonn and Andrew Baxter in London

Klöckner-Humboldt-Deutz (KHD), one of the world's leading makers of diesel engines, yesterday announced an emergency DM919m ($600m) rescue package that will cost Deutsche Bank, Germany's biggest bank, about DM500m.

The struggling Cologne-based group, in which Deutsche Bank holds a 36 per cent stake, announced losses of DM358m for 1994 because sales had been worse than expected and it had been unable to meet all its cost-cutting targets.

KHD, one of the best known names in German engine making, will also sell its farm equipment division to Same, the Italian tractor maker, creating a new force in the fragmented European tractor industry.

KHD has been struggling with a slowdown in demand for engines and tough international competition from US and other companies.

The KHD announcement marks the second big setback for the group in the past eight years. Since 1987, when KHD first ran into trouble, there have been several disposals and about 18,000 jobs have been shed.

Hints that things might be going wrong again at KHD emerged in August last year, following reports that the group would fall short of its targets.

However, Mr Hilmar Kopper, Deutsche Bank's chief executive and the head of KHD's supervisory board until the beginning of this year, dismissed the reports as "irresponsible".

Lex .... Page 20

KHD admitted yesterday that, because its earlier restructuring had exhausted group reserves, it needed an emergency rescue package of DM919m.

A group of 10 German banks has until February 8 to underwrite the package, but Mr Werner Kirchgässer, KHD's chief executive, said Deutsche Bank had given the go-ahead at a meeting with KHD's management yesterday morning.

The package includes a capital injection of DM179m and a capital write-down of DM340m. KHD also hopes to raise DM50m by issuing convertible participatory certificates and Deutsche Bank has agreed to write off debts worth DM150m.

KHD will also ask Deutsche and other banks for extra loans worth DM200m.

KHD is not expected to break even until 1996, Mr Kirchgässer said. It hoped to receive DM159m for the farm machinery business, which makes tractors, combine harvesters and other equipment, but, because of related restructuring costs, KHD would lose about DM100m on the deal.

The sale of the loss-making agricultural machinery division, which represents about 17 per cent of turnover, means KHD would be left making diesel engines and industrial plant.

As part of the restructuring, KHD has introduced several new water-cooled engines which were selling well, Mr Kirchgässer said.

Following the capital write-down, Deutsche Bank and Allianz, Europe's largest insurance company, will hold 48.6 per cent of KHD. The remaining shares are owned by around 25,000 small shareholders, the company said.

Deutsche Telekom threat to postpone flotation

By Christopher Parkes in Frankfurt

The German government will today come under pressure from private and public sector operators to speed up preparations for the liberalisation of the federal telecommunications market.

Deutsche Telekom, the state-owned utility, yesterday set the tone for today's meeting between industry and government officials in Bonn, with a warning that its flotation, planned for early 1996, could be postponed if future market regulations are not fixed this year.

Mr Wilhelm Pällmann, Telekom's acting chairman, said the prestigious project would have to be suspended if management was not told soon how many licences were to be issued to private competitors and which services were to be liberalised.

The only point in the government's timetable fixed so far was January 1 1998, when the state monopolies on network operation and public telephone services would end, he said.

Similar demands, although without the threats, are expected from would-be competitors. These include the energy-based conglomerates RWE, Veba and Viag, which have already presented written submissions calling for the basic regulatory details to be established before the end of this year.

Mr Pällmann urged all federal government parties and regional parliaments to form a "grand coalition" to agree a new law governing the telecoms market.

In an earlier, written presentation to today's meeting, Telekom said it was unrealistic to expect international investors to buy Telekom shares in 1996 at a time when future competitive conditions would still be unknown.

According to the German post and telecommunications minister, Mr Wolfgang Bötsch, a draft bill to replace existing telecoms legislation is due to be presented in the second half of next year.

A senior ministry official yesterday attempted to defuse the tension with a suggestion that the "preparation" of a draft

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NEWS: EUROPE

Hungarian coalition loses its backbone

Finance minister Laszlo Bekesi's resignation raises spectre of drifting government, says **Virginia Marsh**

With the resignation of Mr Laszlo Bekesi as finance minister at the weekend, the Hungarian government is losing the only senior Socialist minister who clearly understood the gravity of the country's economic problems and was prepared to tackle them head-on.

His resignation, which came after a battle with party hardliners over privatisation, has severely shaken the high hopes that many in the business community had for the Socialist-Liberal government, which replaced an unpopular conservative administration last summer. It raises the spectre of a government of drift likely to bow to populist pressures for less painful reforms rather than carry through the tough stabilisation measures proposed by Mr Bekesi and accepted as the coalition's official economic policy.

Even before Mr Bekesi's resignation, many doubted the government's commitment to its ambitious economic programme. It had aimed to complete the country's transition to a market economy by the end of its term in 1998 by accelerating privatisation, radically overhauling the country's bloated welfare system, streamlining public administration and finances and adopting a new fiscal system.

Instead, the first six months of an administration which promised professional government have seen constant bickering, few important measures, a slowdown in privatisation and a string of dismissals or resignations including the heads of privatisation and the central bank.

Laws such as bills on privatisation and the media promised for the autumn have been delayed. The budget for 1995 is widely considered as unrealistic with the central bank already saying further cuts in spending are necessary to meet the target deficit of 5.5 per cent of gross domestic product. The few reforms made, such as cuts in government expenditure and rises in value added tax and energy prices, were only accepted by hardliners in the cabinet led by Mr Gyula Horn, Socialist prime minister, after hard lobbying from Mr Bekesi.

Economists, including Mr Bekesi, fear that by failing to tackle structural reform and high government spending which has contributed to a $28bn gross foreign debt, the largest per capita in the former East bloc, Hungary will lose the trust of foreign investors and the chance for sustainable growth and stability.

"Just think about Mexico," Mr Bekesi warned in an interview yesterday. "That country had better economic indicators than Hungary, the backing of international financial institutions and the US. But private investors have turned away and led that country to bankruptcy. . .I hope we can avoid a Mexico-type collapse."

This year alone the government is budgeting on more than $1.2bn in privatisation revenues to pay its debt and on a similar amount of direct foreign investment to offset the current account deficit which rocketed to a record of nearly $4bn in 1994.

But these targets seem too ambitious. The resignation of Mr Bekesi has dismayed foreign investors, already rocked by the government's last minute cancellation of a high profile privatisation earlier this month, the sacking of its highly-respected privatisation chief, Mr Ferenc Bartha, another prominent reformer, and a two-month delay in naming a new central bank governor.

The uncertainty has this month wiped 287 points or 20 per cent off the country's fledgling stock exchange, which fell 69 points yesterday on news of Mr Bekesi's resignation.

One diplomat said yesterday: "With no finance minister, no central bank governor and a coalition clearly divided over economic policy, one can only expect caution and concern from foreign investors."

Few, however, expect an early end to the uncertainty and confusion sparked by Mr Bekesi's resignation and many fear it will trigger the collapse of an already strained Socialist-Liberal coalition.

Mr Bekesi's appointment as finance minister and the Socialist's acceptance of his economic reform package were important factors in persuading the Free Democrats, the junior partners, to join forces with the former communists. Analysts say Mr Bekesi's removal and a shift to a more populist economic policy will only exacerbate differences between the two ruling parties.

See Lex

The Hungarian central bank said yesterday it would increase reserve requirements for commercial banks from tomorrow as part of a number of recent measures to rein in liquidity, Reuter reports from Budapest. The reserve requirement will rise to 14 per cent from 12 per cent.

Economists, however, said more steps were needed if the country was to improve its fiscal and current account balances and keep inflation in check.

In recent weeks the National Bank of Hungary has eliminated its currency swap and one-month repurchase facilities and increased the base lending rate by three points to 28 per cent.

In the opinion of Mr Gabor Papanek, general manager of the independent economic think-tank GKI Gazdasagkutato Rt, the bank's moves will help ease growing inflationary pressures. He expects them to reduce domestic spending and demand for imports, helping to lower the shortfall on the current account of the balance of payments, which reached $4bn last year.

They could also boost savings and make domestic financing of the budget deficit a little easier, he said.

Consumer prices rose about 20 per cent last year and will increase by some 25-26 per cent this year thanks to sharp increases in utility prices.

Mr Papanek said that without fiscal changes and moves to help exporters, the central bank's efforts would be wasted. "Smart little moves like the ones the national bank has taken can be pretty effective. But reducing the money supply is just one of many things this country needs," he said.

Rebel Serbs offered broad degree of autonomy in two areas of country

New plan to settle Croatia conflict

By Paul Adams in Belgrade

International mediators yesterday presented a new peace plan to the Croatian government and breakaway Serb leaders in Croatia in an attempt to end a conflict which tore the former Yugoslav republic apart in 1991 and has simmered ever since.

Details of the so-called Z-4, drafted by US, Russian, European and United Nations mediators, have yet to be made public. However, it is thought the plan, revised since its inception last year, offers rebel Serbs a broad measure of autonomy in two parts of the country where they form a majority.

Serbs living in other parts of the self-declared Republic of Serbian Krajina would be expected to reintegrate into Croatia. The government in Zagreb would be forced to observe strict human rights laws to protect Serb minorities.

Croatia's President Franjo Tudjman has already indicated the new plan may be acceptable. He told a meeting of businessmen at the weekend: "Naturally, we will be delighted to accept any proposal starting off from the assumption that Croatia's territorial integrity is indisputable."

However, fundamental differences remain. The Croatian government is reluctant to cede the high level of autonomy to the Serbs whom they blame for the 1991 war which left about 10,000 people dead or missing and created more than a million refugees.

The Serbs are equally determined to cling to their hard-won independence. Aided by the Serbian president, Mr Slobodan Milosevic, they captured a third of Croatian territory in 1991 following Zagreb's decision to secede from the former Yugoslav federation.

Internationally-sponsored negotiations resulted in a ceasefire last March and an agreement in December covering economic issues. But a political settlement remains elusive.

The key, as always, may lie with Mr Milosevic. Speculation has grown in recent months that he may finally recognise Croatia, forcing the Krajina Serbs to reach an accommodation.

The Croatian foreign minister, Mr Mate Granic, is expected in Belgrade in mid-February, at which time Yugoslavia and Croatia may exchange ambassadors.

By unveiling their plan, the Z-4's sponsors will be hoping to persuade Mr Tudjman to reconsider his decision not to renew the UN mandate when it expires at the end of March. Observers fear that peacemaking will be the first casualty if the UN is forced to withdraw from positions it has occupied for the past three years.

Croatian Serb forces remain heavily involved in fighting in the north-western Bosnian enclave of Bihac. UN officials in Sarajevo said yesterday that 900 artillery and mortar explosions had been recorded near the town of Velika Kladusa in the previous 24 hours. Most appeared to come from Croatian Serb positions.

European team says rights violated in Chechnya

By Chrystia Freeland in Moscow

A European fact-finding mission yesterday reported human rights violations in Russia's war with the breakaway Chechen republic, but could not confirm allegations that Russians are systematically torturing Chechen prisoners of war.

Fighting continued yesterday in Grozny, the Chechen capital, and in other parts of the republic, but there were no reports of Chechen attacks on other Russian cities.

Over the weekend Chechen leaders, who have been accused by Moscow of having ties with mafia groups, warned that reprisal attacks on Russian cities could begin soon, but Russian officials have dismissed the threat.

Mr Istvan Gyarmati, head of the Organisation for Security and Co-operation in Europe delegation which visited Chechnya over the weekend, said that "the use of the armed forces on such a scale and the methods they used goes beyond our principles".

Another member of the delegation said that a senior Russian general told the OSCE team that Chechen forces were well armed and trained and that, despite the Kremlin's declaration of victory, the war was by no means over.

The OSCE team also warned that the conflict had created a "human catastrophe" by displacing an estimated 150,000 refugees, most of them living in insanitary conditions without access to running water or medicines.

The war in Chechnya, now in its seventh week, continues to undermine public confidence both in the Russian government and in the rouble.

In an opinion poll published this week 72 per cent of Russians said they did not trust President Boris Yeltsin, up from 66 per cent earlier in the month.

The rouble, which has been falling steadily since the beginning of the conflict, reached another historic low yesterday of 4,034 against the dollar.

Faroe-Danish relations rocked by bank row

By Hilary Barnes in Copenhagen

Denmark's relations with its largely self-governing territory the Faroe Islands have been badly shaken by a banking crisis which has cost the island government about DKr1bn ($167m).

Denmark, which retains control of the North Atlantic islands' foreign, defence and monetary policy, has refused to set up a judicial inquiry into how Den Danske Bank, the largest Danish bank, relinquished its majority ownership of Foroya Banken, the islands' biggest bank, in March 1993 shortly before the latter was forced to turn to the government to cover mounting debts.

The Faroe Islands' parliament has unanimously called for a judicial inquiry, which would have strong powers to demand evidence. But Mr Poul Nyrup Rasmussen, the Danish prime minister, says that would take too long and cost too much. He has offered, instead, an inquiry by a panel of experts.

However, Mr Bjorn á Heygum, chairman of the Faroese parliament's legal committee, responded that "the Danish government was involved in the bank affair. We do not believe that an inquiry on premises set by the government will be objective."

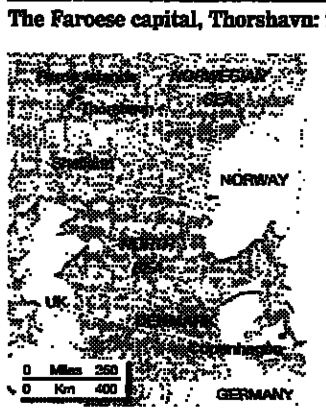
Den Danske had injected DKr322m in new capital into Foroya Banken, but then swapped shares in it for shares in the other main Faroes bank, Sjovinnubankin, which was controlled by the islands' government. The move was part of a government plan to bring all the banks under central control in order to simplify handling their debt problems, which had been caused largely by the islands' economic crisis.

By this manoeuvre, Danske Bank slipped out of its obligation as majority owner to pump more money into the bank.

By late 1993, Foroya Banken's losses had increased by much more than expected, and new capital was required – now a responsibility of the Faroese government. According to last year's Danish governmental economic advisory commission, the affair has cost the islands' administration about DKr1bn.

"There is a widespread view on the Faroe Islands," it said, "that Den Danske Bank, helped and assisted by the Danish Finance Industry Supervisory Authority, misled the Faroese government with a view to shifting the loss from Den Danske Bank to the Faroese people."

The Faroese capital, Thorshavn: its parliament wants judicial inquiry into the dispute *Robert Harding*



It added, with more than a touch of irony, that the bank "no doubt realised sooner than the Faroese government that anything could happen, but there is nothing unethical in being the first to see a risk."

The affair has worsened already troubled relations between the two governments. The possibility of oil and natural gas being found on the Faroese continental shelf has raised the question of what share in any profits should go to Denmark. Discoveries could make the islands financially independent, but the Faroes need Danish help in negotiations with Britain over where the sector boundary should go between the Faroese and British economic zones, an issue which may end up in the International Court at The Hague.

Faroese bitterness over the bank affair has been stoked by the economic crisis which hit the islands in 1991-92. Unemployment on the islands, which have a population of 43,000, is around 25 per cent, and would be higher but for the fact that about 10 per cent of the population has emigrated.

Gross domestic product has fallen by at least a quarter since 1989, and the islands are deeply indebted. The ratio of government debt to GDP was estimated by a Danish economic commission last year to be about 175 per cent.

The crisis was caused by a wild fiscal policy expansion in the 1980s, including massive subsidies to the islands' only export industry, fisheries. However, the industry collapsed in the early 1990s, because of overfishing, movement of fish stocks and falling prices.

Last year, Denmark subsidised the islands to the tune of DKr1bn, equal to about 20 per cent of GDP, and also provided loans of about DKr3bn to avert the government's bankruptcy.

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F

Foreign minister seeks to revive Franco-German understanding without excluding UK

Juppé envisions 'new contract' for Europe

Alain Juppé: 'the Chechnya crisis is a step backwards'

By David Buchan in Paris

France should galvanise Europe into becoming "a major actor on the international scene" and into forging a new security pact with the US and a partnership with a "law-abiding" Russia, Mr Alain Juppé, the French foreign minister, said last night.

In a wide-ranging speech, Mr Juppé bluntly developed France's ambitions for the European Union of which Paris currently holds the presidency. "Stripped of any desire for conquest, at peace with itself, Europe must, under our impulsion, affirm itself as a major actor on the international scene, because more than others it [Europe] has the desire to conciliate order and respect of national identities."

The new EU should be built on "a new contract" between France and Germany, evidently along the lines of the new version of the 1963 Franco-German Elysée treaty proposed by Prime Minister Edouard Balladur last November, and based on monetary union and new efforts at cultural and political rapprochement between Paris and Bonn.

But this reinforced relationship would in no way exclude EU partners, particularly the UK. "For France as for Germany there is no question of isolating or rebuffing Britain," Mr Juppé said.

Indeed the French minister said he hoped next year's EU constitutional conference would "synthesise three great visions – that of Germany, determinedly federalist, which polarises its energies on Europe, particularly its internal aspects; that of France which marries its strong state tradition with its desire to affirm the European identity in the world and to share with Spain and Italy a strong Mediterranean dimension; and that of Britain which brings its own world vision and its wish to preserve the best in national identities."

Far from slighting the relationship with the US, Mr Juppé called the Franco-American relationship "the most visible factor of dynamism" in Nato. If the EU can give itself a proper common defence policy at its 1996 conference, it should go on to negotiate "a new transatlantic charter" with the US.

But Mr Juppé was even more forthright on policy to the east. "European defence cannot be constructed outside the Atlantic alliance," he said, adding that therefore "the extension of the Union. . . will sooner or later entail expansion of Nato".

Russia should not regard this as a threat, but Moscow had to behave better than in recent weeks in Chechnya. "The Chechnya crisis is a step backwards that cannot be purely and simply ignored. Russia has to show us – as we hope – this error with tragic consequences for the civil population is not a turning point backwards."

"Russia knows the rules of the European game. She knows what these permit and what they forbid, even when it is a question, which no one contests her right, to defend her national sovereignty."

EUROPEAN NEWS DIGEST

Labour groups in Madrid plea

Spain's two main trade unions joined forces yesterday with the employers' confederation and the association representing small businesses to call on parliamentary parties to resolve "a panorama of political uncertainty that is becoming unsustainable". They said in a statement that incipient domestic recovery was endangered by the "perception of political instability that is reflected in the financial markets, at home and aboard and in the media". The document stressed the constitution laid down two courses of action to end a political deadlock – a motion of confidence or the dissolution of parliament – but stopped short of favouring one. The Prime Minister Felipe González is wary of the first option as his Catalan nationalist allies are unwilling to back the government; he rejects the second because his Socialist party is likely to lose the ensuing elections. The conservative opposition is, meanwhile, unwilling to table a censure motion as it lacks the parliamentary support to win it. *Tom Burns, Madrid*

Banker wary on single currency

Mr Wim Duisenberg (left), the head of the Dutch central bank, yesterday became the third top European banker in three months to argue that a single European currency should exist alongside national currencies for a long period. Mr Duisenberg said it would be possible to introduce a European currency which would circulate alongside national currencies and then replace them, but that would take at least a generation. He seemed to echo a line taken by Mr Hans Tietmeyer, the president of the Bundesbank, Mr Alexandre Lamfalussy, the president of the European Monetary Institute, the embryo European central bank, and by the Bank of France. Mr Duisenberg also said there was "no chance" a majority of EU countries would be ready to create a single currency in 1997, but they would doubtless be ready by the second deadline of 1999. *AFP, Paris*

Poland, Russia write off debt

Poland and Russia yesterday agreed to write off mutual debts accumulated between the early 1980s and 1992. The deal cancels 12bn in debts in transferable roubles used within Comecon, the former Soviet trading bloc, where the Russians owed more than the Poles, and $2.5bn in hard currency where the Poles owed more than the Russians. Poland should see the value of its external debt – $42bn at the end of October – cut by $2bn under the deal signed in Warsaw. The signing comes ahead of a long-delayed visit to Warsaw next month by Mr Victor Chernomyrdin, the Russian prime minister, aimed at concluding a $2bn gas pipeline project which would carry gas from the Jamal peninsula in Siberia across Poland to Germany. Paris Club governments cut Polish debts by half in 1991, and western banks followed last autumn with a 49 per cent reduction. *Christopher Bobinski, Warsaw*

French cable TV networks sold

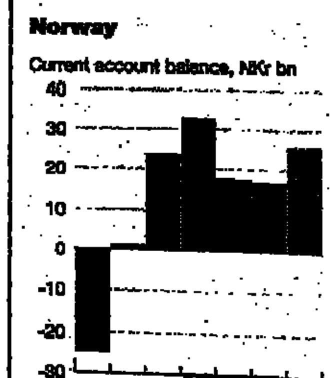
The Caisse des Dépôts et Consignations, the French state investment institution, yesterday announced it had completed the sale of its cable television networks to Lyonnaise des Eaux, the water and utilities group, and France Télécom. The deal, which is worth a total of about FFr800m ($153.8m), means Lyonnaise des Eaux now represents just over 30 per cent of the French cable market, slightly ahead of Générale des Eaux, its water and utilities rival. France Télécom consolidates its position as the third largest player, with about 23 per cent of France's cable subscribers. Lyonnaise des Eaux paid FFr491m for its share of the cable activities of the Caisse des Dépôts. Like other French cable operators, it has yet to make a profit from the sector, but regards cable as a central element in its strategy of diversifying into communications and telecoms. The company is likely to push for government approval to use telecoms services on its cable network. Mr Cyrille de Peloux, chairman of Lyonnaise Communications, said the capacity of its cable networks would be expanded through the introduction of digital compression systems in 1996. He said this would allow an increase from 35 to about 400 channels. *John Ridding, Paris*

Strikes hit German engineering

West German engineering companies were hit by a series of warning strikes yesterday by employees seeking a 6 per cent pay rise. Employers have not reacted to the pay claim by the I G Metall trade union with a formal offer, which has angered union leaders. They said the employers had wasted the past four weeks of the statutory cooling off period. Further talks have been set for the second week of February. Mr Dieter Kirchner, head of Gesamtmetall, the engineering employers' federation, has said this year's pay award should be similar to last year's 2 per cent. This would barely match inflation and Mr Walter Riester, IG Metall's deputy head, said the union would not accept it. Plants in Lower Saxony, Hesse, Baden-Württemberg and the Rhineland Palatinate were among those affected. The union claimed that nearly 30,000 workers took part in rallies and stoppages, some lasting a few hours and others the whole day. Porsche, the Stuttgart-based luxury sports car maker, was among companies hit by the strike. *Andrew Fisher, Frankfurt*

ECONOMIC WATCH

Oslo's current account boosted



Norway's current account surplus increased to NKr26.19bn ($3.9bn) during January-November last year from NKr18.47bn in 1993, supported by a 31 per cent net reduction in the outward flow of interest and dividend payments, the Central Bureau of Statistics said. Net interest and dividend payments in last year's 11-month period fell to NKr19.09bn from NKr27.78bn in the comparative period in 1993. The bureau said there was a reduction of NKr6.8bn in the outflow of dividend payments while there was an increase of NKr2.6bn in foreign interest payments. The trade surplus of goods and services dipped by 2.3 per cent last year to NKr45.27bn, representing a reduction of NKr989m from 1993. This stemmed from an increase in the value of imported services. Nevertheless, Norway's crude oil production last year rose by 12 per cent to a record average 2.67m barrels a day – most of which is exported – which helped underpin the trade surplus, despite a decline of $1.09 in the average price per barrel of oil to $15.97 in 1994. *Karen Fossli, Oslo*

■ Italian retail sales in the first nine months of 1994 were up 3.8 per cent from a year earlier, according to the statistics bureau, Istat. The food sector registered a 6.5 per cent rise in retail sales from a year earlier, while non-food retail sales were up 2.0 per cent.

■ West German import prices rose by 0.6 per cent in December 1994 from November, when they rose 0.8 per cent month-on-month. Year-on-year the rise was 2.9 per cent compared with 2.2 per cent in November.

NEWS: EUROPE

Austria hit by scandal of arms plot

By Eric Frey in Vienna and Bernard Gray in London

Austria's fragile coalition government is under pressure after a leading Social Democratic party (SPOe) official was forced to resign because of his role in an bungled attempt to use a weapons deal for illegal party financing.

Mr Peter Marizzi, the secretary general of the SPOe, stepped down on Sunday following the publication of a taped conversation of him discussing a scheme with a fellow parliamentarian to split a supposed Sch70m ($5.46m) commission from British Aerospace for a large-scale order for army helicopters and transport aircraft.

Even though the deal, estimated at Sch3.5bn, never came through and may merely have been a hair-brained idea to gain new sources of cash for the parties of the two politicians implicated, it has increased public mistrust of the governing coalition and could lead to further investigations into military procurement practices.

The scandal is a serious setback for Chancellor Franz Vranitzky, who plucked Mr Marizzi from obscurity in 1986 and put him in charge of the party organisation. Mr Marizzi, a former locksmith and union official, has been under pressure since December, when he was forced to withdraw his application for a top Brussels post because of questions regarding his qualifications.

A strange twist is added to Mr Marizzi's story by growing indications that he himself recorded the conversation with Mr Herbert Kraft, the defence spokesman of the conservative People's Party, and passed the tape on to the press almost a year later.

According to a transcript published by the weekly magazine, New, Mr Kraft tried to sell the kickback scheme to Mr Marizzi, who rejected the offer. Political observers now suspect that Mr Marizzi wanted to score political points by smearing a coalition partner.

Mr Kraft resigned last Wednesday, just hours after the damaging transcript was made public. Another possible victim of the affair is Ms Maria Rauch-Kallat, the environment minister. It was her husband, Count Alfons Mensdorff-Pouilly, an aristocratic landowner and self-styled consultant, who proposed the BAe deal to Mr Kraft.

Ms Rauch-Kallat, a rising star in the OeVP, seems so far not to have been involved in her husband's scheme, but her reputation could be tarnished by his business dealings. Count Mensdorff has done some advisory work for BAe. But the company said that he had no authority to negotiate million-dollar arms sales and it was not aware of his efforts.

The Austrian army has held exploratory talks with BAe regarding the purchase of the BAe-146 transport aircraft and has some vague plans to acquire helicopters.

But no official negotiations with BAe or other suppliers have taken place, the Austrian Defence Ministry says. BAe confirmed that it had negotiations over the 146 aircraft and that Count Mensdorff acts as an adviser to the company, but insisted that it had not discussed helicopters or other large military orders with the Austrian government.

BAe does not make helicopters, but is bidding to become the lead contractor to supply the Franco-German Tiger attack helicopter to the UK's Royal Air Force. The two main political parties lost heavily in parliamentary elections in October, but decided to continue their coalition with a reduced majority.

The opposition parties are trying to make the most out of the affair. They are demanding, and are likely to get, a special parliamentary commission to look into the issue of military procurement.

Portugal's dynasties on top

Stripped of their assets, jailed or exiled after the 1974 revolution, old money families are more powerful than ever, writes **Peter Wise**

Old money is back in Portugal, audaciously eclipsing the ambitions of business groups born in democracy. Mr António Champalimaud, a 76-year-old entrepreneur whose industrial empire was seized by the state after the left-wing revolution of 1974, is poised to pay Es153bn ($966m) for 50 per cent of a leading bank.

By contrast, the Sonae conglomerate of Mr Belmiro de Azevedo, the closest to an industrial magnate post-revolutionary Portugal has produced, has achieved only a 7.2 per cent holding in a rival bank. He is struggling against a Es300.3bn hostile bid launched partly by another of the handful of family groups that dominated the economy during 48 years of authoritarian rule.

Business dynasties that the revolution tried to crush will control or play an important role in three of Portugal's top four financial groups if three pending bids, together worth Es465bn, are successful. Part of their return has been financed by the other member of the big four, state-owned Caixa Geral de Depósitos, endorsing their return to the fold.

Stripped of their assets, imprisoned and forced into exile, families such as the Champalimauds, the Mellos and the Espirito Santos were stigmatised after the revolution as pillars of an authoritarian state that shielded them from competition, gave them African colonies to exploit and suppressed trade unions.

But the old regime's tycoons are seen with more forgiving eyes 20 years on. "People resented them for taking economic advantage of authoritarianism," says a company director.

"But they are accepted today as men who lost everything, earned it back and are re-establishing themselves as business leaders in a free country and a market economy. The Portuguese like winners."

Mr Champalimaud has won – and lost – on an uncommon scale. His steel and cement-based group accounted for almost two-thirds of Portugal's industrial capacity when he fled to Brazil under threat of

Comeback: António Champalimaud, whose empire accounted for almost two-thirds of Portugal's pre-1974 industrial capacity

arrest. He began rebuilding his group from a cement plant he had already acquired near Rio de Janeiro. Today, he is Portugal's richest individual with an estimated net worth of Es170bn, according to Fortuna magazine.

Mr de Azevedo, 56, ranks third with Es104.7bn. A carpenter's son from a poor village, he has built Sonae virtually from scratch into Portugal's biggest conglomerate, based on retail distribution and wood products.

But – apart from the cork companies of Mr Américo Amorim – no other post-revolutionary group has moved close to the big league.

What benefits the older groups is that some of them owned assets abroad that escaped nationalisation and which now provide them with efficient organisations, specialised expertise and international contacts.

Scarcity of risk capital and a diminutive capital market have weighed against new business groups. Banks are the main source of finance for expansion. But interest rates have been cripplingly high. This helps explain why the old groups are moving back strongly into finance but have shown little appetite for industry. Few business leaders with the drive and vision to surmount these drawbacks have emerged since 1974.

"Tremendous fortunes were made in the turbulent period after the revolution by people who seized opportunities to buy cheap and sell dear," says a Portuguese economist. "But that is how American magnates enriched themselves a century ago.

Few from the post-revolutionary generation have proved capable of taking the next step of building a well-managed group equipped to compete in a global economy."

New generation entrepreneurs with the most talent for building groups out of almost nothing have been professional managers without their own money behind them.

Mr Jorge Jardim Gonçalves founded Banco Comercial Português only eight years ago. However, he is now leading a bid to take over Banco Português do Atlântico, the second largest bank, where Mr de Azevedo is leading the resistance of a small group of businessmen.

On a smaller scale, Mr Artur Santos Silva of Banco Português de Investimentos and Mr Carlos Rodrigues of Banco Chemical have shown the same ability to run risks and win support to create successful banks.

But several attempts to expand by BCP were blocked by the Portuguese government until, for the BPA bid, the bank joined with Império, an insurance company controlled by Mr José Manuel de Mello, another business leader from the old regime.

Mr Champalimaud began buying back assets in Portugal in 1992, paying Es20bn for control of Mundial Confiança, an insurance company he previously owned. Last November he paid Es37bn for 80 per cent of Banco Pinto e Sotto Mayor, also part of his former group. Less than six weeks later he announced his Es153bn bid for 50 per cent of Banco Totta e Açores, Portugal's third largest bank.

Governments have been cold-blooded about compensating the old groups for their losses. Restitution has been made for only a tiny fraction of the losses claimed.

But Mr Champalimaud's proposed purchase of BTA has been welcomed – despite some legal objections – because it will return the bank from Spanish to Portuguese control.

Door closed on Italy's old political order

By Robert Graham in Rome

The fast-evolving political landscape of Italy has undergone a transformation as a result of the weekend disbandment of the neo-fascist Italian Social Movement (MSI) that has kept alive the flame of Mussolini's ideals for almost 50 years.

The movement has been merged with the National Alliance (AN), the party created in January last year by Gianfranco Fini, the MSI leader, as a vehicle for the electoral ambitions of the right.

The AN – with Mr Fini its unchallenged leader – has now staked a claim to bring the Italian right into the mainstream of national politics. The MSI/AN obtained 13.5 per cent of the vote last March and polls currently give the party close to 18 per cent, the third-largest political grouping in Italy.

Until the advent of the government of Mr Silvio Berlusconi and the creation of a right-wing coalition last May, the MSI had played a marginal role and was treated by many politicians as a pariah. It was the last to adapt to the collapse of the Berlin Wall and the break-up of Italy's post-war parties. This was because the MSI was far more nostalgic about its past and because Mr Fini's own position as a moderniser was far more precarious. The disappearence of the MSI means that no party prominent in either government or opposition from 1945-1990 now exists.

The 43-year-old Mr Fini emerged from the three-day congress winding up the MSI, and the subsequent two-day meeting relaunching the AN, with his prestige and authority enhanced. He dealt skilfully with his opponents, a hard core of fascist nostalgics, forcing them into a position whereby they accept his line or refuse to join AN.

The hardliners, headed by Mr Pino Rauti, duly walked out and Mr Fini was elected as AN chairman by 1507 of the 1679 votes. Only seven years earlier, Mr Fini narrowly beat off Mr Rauti in the race to take over the reins of the MSI.

This exodus had the propaganda benefit of publicly demonstrating that the unpleasant fascist elements that got the MSI such a bad name had been ditched.

However, if Mr Fini was able to show his supporters what the AN did not stand for, his polished rhetoric was much more vague about its new ideology. He spoke of creating a "new right with a social conscience". This phrase, which echoed some of Mussolini's ideas of corporatist national socialism, was only amplified by a party member who said: "We want to wrest from the left their right to claim social justice platform as theirs." In discussing the market economy, it was also clear that delegates had little in common with the Thatcherite principles which Mr Berlusconi's Forza Italia has embraced. Mr Fini wants a more efficient economy but not necessarily less state involvement or less protection.

Indeed, the state is seen as vital for guaranteeing the economic survival of the *mezzogiorno* – Italy's deprived southern region. Such views underscore that the core of the AN vote remains in central and southern Italy, where the state has always been a big employer and provider of jobs and money. Mr Fini does not have supporters in big business but among small shopkeepers, artisans, students and those with jobs at risk.

This base can be expanded, but only at the expense of Forza Italia and the centrist Popular party (PPI), heirs of the Christian Democrats. Winning votes from Forza Italia depends upon the political durability of Mr Berlusconi. So long as the Forza Italia leader retains his strength and political will, Mr Fini is likely to remain his faithful ally.

Mr Fini in the short term has more chance to increase his clout by forging a broad electoral alliance – last March's Freedom Alliance with Mr Berlusconi being the precursor. It was no accident he played up the presence at the AN congress of Mr Rocco Buttiglione, the PPI leader. He wants him as part of a new centre-right coalition. But this strategy will work only if Italian politicians genuinely want a bi-polar system of parties with two main blocs.

Former prime minister Silvio Berlusconi's Forza Italia party and allies are likely to abstain in the Senate confirmation vote tomorrow on the new government of Mr Lamberto Dini, AP reports from Rome. Leaders of Forza Italia, the right-wing National Alliance and a small group of ex-Christian Democrats indicated that their senators would follow the same strategy as last week in the confidence vote in the lower house, the chamber of deputies. In that vote, Mr Dini's non-partisan government won confirmation due to the abstention of the Berlusconi bloc. Mr Dini, a former central banker who was Mr Berlusconi's treasury minister, formed a government of technocrats two weeks ago. Although resisting Mr Berlusconi's call to set a date for elections, Mr Dini has said his government is likely to last no longer than a few months, the time needed in his view to carry out deficit-trimming measures.

ASIA-PACIFIC NEWS DIGEST

E Timor rights 'distorted'

The rights of the people of East Timor were "completely distorted and undermined" when Australia signed its 1989 treaty with Indonesia covering rights to resources in the Timor Gap zone of the oil-rich Timor Sea, the International Court of Justice was told yesterday. Mr Antonio Cascais, Portugal's ambassador to The Hague, introducing Portugal's case said Australia had no right to sign the treaty because of its international obligations to respect the rights of the people of East Timor and the status of Portugal as the United Nations-designated administrating power there.

The UN still regards Portugal as the rightful administrator of East Timor, which was invaded by Indonesia in 1975 and annexed by Jakarta a year later. Australia is expected to argue that Portugal's real dispute is with Indonesia. Lisbon could not initiate proceedings against Indonesia since the Jakarta regime does not recognise the jurisdiction of the world court. Mr Ali Alatas, Indonesian foreign minister, said Portugal's case was merely the latest effort to undermine Indonesia over East Timor. *AFP, The Hague and Reuter, Jakarta*

■ The US denounced Indonesia's decision to extend to four from three years the sentence of Mr Muchtar Pakpahan, a jailed labour leader, saying his fate would be a factor in considering Jakarta's labour record. *Reuter, Jakarta*

Japan 'Holocaust' glossy closed

Bungei Shunju, a leading Japanese magazine publisher, yesterday closed a title because of an international row over an article denying the existence of the holocaust. The closure is the latest controversy aroused in Japan by the 50th anniversary of the end of the second world war. The glossy right-wing monthly, Marco Polo, in its February issue describes the Holocaust as propaganda. This provoked protests from Jewish organisations, a response from the Japanese government condemning discrimination and withdrawal of corporate advertising. It had a circulation of 200,000. *William Dawkins, Tokyo*

■ Seven former prisoners of war from Britain, the US, Australia and New Zealand yesterday filed a suit in the Tokyo district court demanding compensation for violations of international law during their internment in the war. They are demanding $22,000 each for brutality and forced labour while being held in camps in south-east Asia. *Kyodo, Tokyo*

Singapore seeks media control

Mr Goh Chok Tong, prime minister of Singapore, says the island republic must control its exposure to outside influences which could threaten what he terms as society's traditional values. In a Chinese New Year message, Mr Goh said government should define, where possible, the limits of what is acceptable in what newspapers print, which films are shown, which magazines are sold and what performances are staged. "For liberals in the west, these are curbs on personal liberties. But they are necessary safeguards which enable Singaporeans as a whole to enjoy more freedom, greater security, and a safer environment where people respect law and order," said Mr Goh, who described Singapore as "a completely open society". *Kieran Cooke, Kuala Lumpur*

Burmese try to smash rebels

The Burmese army appears to be trying to smash the remaining strongholds of the Karen National Union – its most powerful armed opposition group – following its capture of the insurgents' jungle headquarters of two decades last Friday. Karen officials said their soldiers on the Thai border opposite the southern Burmese town Tavoy were attacked on Saturday, near where the planned gas pipeline from the Gulf of Martaban to Thailand will run. Further north Burmese troops are reported to be firing about 100 heavy mortar rounds a day at the Karen defending the Kawmoora enclave 60km south of Manerplaw. *William Barnes, Bangkok*

■ South Korea approved a record $31.29m (£19.65m) in trade with North Korea in December, the domestic news agency Yonhap reported. Quoting statistics from Seoul's Unification Ministry, it said the figure was 55.1 per cent up on November and a 141 per cent rise from December 1993. *Reuter, Seoul*

■ The Philippines is to change rules on constructing power plants to allow builders to run the plants without transferring ownership to the state. Mr Francisco Viray, energy secretary, said the shift is included in plans to sell off the state-owned National Power Corp. *Reuter, Manila*

■ China's central bank is to begin attending regular monthly meetings of the Bank for International Settlements. Mr Andrew Crockett, BIS director general, said the People's Bank of China would not become a full member. *AFP, Davos*

Japanese industry output slowly moving up

By William Dawkins in Tokyo

Japan's industrial economy is slowly shifting up a gear, on the evidence of the first annual rise in industrial output for three years.

Industrial output fell 0.5 per cent from November to December, the Ministry of International Trade and Industry reported yesterday, better than the widely expected 1 per cent decline, leaving output for the whole of 1994 up 0.8 per cent from the previous year.

The three-month sliding average, a good indicator of the trend of this volatile indicator, rose 5.9 per cent over the same period in the previous year, the best since February 1991, Mr Jim Vestal, chief economist at Barclays de Zoete Wedd in Tokyo, said. That puts industrial output on track for roughly a 4 per cent rise in 1995, a survey of Tokyo economists by Consensus Economics, the London-based compiler of forecasts, shows.

Source: Datastream, Consensus Economics

Several economists expect output to weaken slightly early this year, because of industrial damage by the Kobe earthquake. But this would be compensated later by extra demand for construction machinery and building materials, they predict, so that the impact, stretched over a full year, would be zero. Miti is expecting a rise in January, followed by a fall next month.

Stocks of materials and unsold goods fell 0.9 per cent in the final quarter, suggesting output is becoming slightly more sensitive to an improvement in demand. But economists admit they cannot predict the Kobe disaster's impact on consumer confidence, and the possible effect on industrial production. A rise in consumer savings, as a precaution against another earthquake, could hit final demand.

Moreover, this industrial recovery is on the weakest base for 20 years, in that Japan's factories are operating at a mere 74 per cent of capacity, according to official figures. That is slightly better than the record low of 68 per cent, reached in the final quarter of 1993, the trough of the recession, but is at the same level as in the early 1970s, when Japan was recovering from the first oil shock.

The repair bill for the Kobe quake was estimated at Y8,600bn (£54.5bn) yesterday by the Hyogo prefectural government, the port city's local authority. The rough estimate, the first official figure to emerge since the quake struck two weeks ago, was presented to the central government team working on the reconstruction of Kobe.

It is not yet clear how the bill will be split between government, insurance companies and the private sector and how much will be funded by government bonds.

But if the Hyogo prefecture's estimates are on the right scale, the direct cost of Kobe's reconstruction will only provide a modest lift to the economy at large. It compares, for example, with the Y45,000bn of public spending packages launched over the past two years, to help pull the economy out of recession. The Kobe repair bill is dwarfed by the Y430,000bn already earmarked for public works spending in the decade to 2000.

Just over half the estimated Kobe bill will be needed for buildings, with slightly over Y1,000bn for harbour reconstruction and Y600bn for rebuilding expressways, according to Hyogo prefecture. The Kobe municipal government has said it will invoke town planning laws to enable it to redesign areas devastated by the earthquake, to include wider roads and more parks as future evacuation centres.

Indirect costs of the quake could be much larger, if the debate it has prompted leads to a nationwide campaign to upgrade buildings, infrastructure and quake preparations.

Health thought to be in decline

Deng fails to make New Year broadcast

By Tony Walker in Beijing

Mr Deng Xiaoping, China's ailing senior leader, last night failed to make his customary lunar New Year's Eve television appearance, virtually confirming recent reports that his health is in steep decline.

Mr Deng, 90, has for the past seven years been shown on television visiting Shanghai, but the abandonment this year of his normal routine is the clearest signal yet that his condition has deteriorated markedly.

China's state media reported on Saturday that senior Chinese leaders had visited him in Beijing in the past week, but published no photographs and gave no details of his well-being.

The sketchy reports and absence of photographs or television coverage indicate that Mr Deng is a very sick man. Last night's television news made no specific reference to him. The official Xinhua news agency reported at the weekend that he had expressed confidence in President Jiang Zemin and premier Li Peng at his meeting with them last week.

Deng pictured at a Beijing fireworks display last October

Xinhua said Mr Deng had praised their achievements "in the course of reform and opening up, and in the cause of building socialism with Chinese characteristics". He had also asked them to convey his greetings to the people for New Year.

Western officials were sceptical as to whether Mr Deng was in any condition to make such long-winded statements.

China's patriarch was last seen in public at New Year 1994, when he was supported by a daughter on each arm and was barely able to totter forward. He is variously reported to be suffering from Parkinson's disease and other degenerative ailments.

Other veteran Chinese revolutionaries of Mr Deng's generation also failed to appear publicly at New Year. This was seen as a mark of deference to Mr Deng.

China's media along with Mr Deng's family now seem intent on preparing the Chinese people for the old man's death, after insisting until very recently that he remained in good health.

Chinese officials are now making little attempt to pretend otherwise than that his life is ebbing away. Mr Deng's youngest daughter helped set the tone for these more candid assessments when she said earlier this month that his health was declining "day by day".

Australia's newly elected Liberal party leader John Howard (right) and his deputy Peter Costello (left) leave a meeting in Canberra yesterday. Mr Howard, an ardent monarchist, previously led the Liberals from 1985 until falling victim to a 1989 party coup *EPA*

Howard plays 'Comeback Kid'

Nikki Tait on the return of an ousted Australian opposition leader

John Howard, Australia's newly appointed federal opposition leader, could justifiably ask to borrow the tag of "Comeback kid" from US President Bill Clinton.

Yesterday, nearly six years after he was ousted as leader of the Liberal party, a triumphant Mr Howard returned to face the Canberra press. Six months ago he indicated that his political career appeared to be in its final years; now here he was, elected leader unopposed at a party meeting lasting less than half an hour.

Thus Mr Howard, 55, will almost certainly challenge Mr Paul Keating, Australia's Labor prime minister, when the country goes to the polls later this year or early next.

The match should be interesting. Both men are seasoned federal politicians, having survived the Canberra hothouse for more than two decades. Mr Howard has the advantage of a "nicer" image: his modest lifestyle and unpretentious approach contrast neatly with Mr Keating's aspirational tendencies – Italian suits and a mansion furnished with antiques – which many Australians distrust.

The prime minister, however, has the sharper tongue. He is also known to dislike Mr Howard, apparently because the latter – in his earlier leadership role – once allowed Mr Keating's private life to come into question through a parliamentary intervention by one of his MPs. "I'll squash you like a rat," is one of Mr Keating's more renowned invectives against Mr Howard.

On a more substantive level, Mr Howard has the advantage that his ill-fated predecessor, Mr Alexander Downer, did much to clear the policy decks. Under Mr Downer the notion of a consumption tax – which, it may be argued, lost the opposition the 1993 election – was buried. Mr Downer's main policy document emphasised the importance of jobs, families, small businesses and national identity. But it did so in highly generalised terms, committing Mr Howard to few specifics.

A bill outlawing racial villification, presented by the government late last year, caused the opposition much anguish, pitting principles of free speech against minority communities' desire for protection. But yesterday Mr Howard said he saw no reason to change the opposition's final compromise stance: the bill would be opposed as "bad legislation" and an alternative drafted.

On economic policy, the new leader remained vague. This area had begun to be a bugbear for Mr Downer, who appeared to be promising to reduce the government's budget deficit without explaining how the sums would work. Yesterday Mr Howard said simply that tax rises would be opposed and public spending should be cut.

The negatives for Mr Howard are largely in his past. An incautious comment, which was taken to imply an anti-Asian immigration stance, has haunted him for years. His response is that he has apologised and that this is a dead issue. On Friday night, as his ascension looked guaranteed, he headed to a dinner in Sydney's cosmopolitan western suburbs, where he argued that it was a former Liberal prime minister, Mr Harold Holt, not Labor's Mr Gough Whitlam, who abandoned the notorious "White Australia" policy.

Mr Howard is also strongly associated with such concepts as the traditional family and constitutional ties to the British monarchy, which can appear outdated to younger Australians. The country has seen changes come thick and fast over the past decade, and the Labor party – with its quotas for women candidates and its emphasis on south-east Asia in trade and bilateral relations – has appeared more adept at updating its image. Weekend polls showed that Mr Howard's popularity is greatest among older women.

Perhaps most significantly, the new leader has to bind an ideologically disparate opposition. Mr Howard himself noted yesterday that the Liberal party embraces both conservatives and liberals. What he did not add is that the Labor party has skilfully manoeuvred itself into the middle ground, and built a working relationship with the business community. This tends to narrow the opposition's policy options.

Still, as Mr Howard also pointed out, he is the first Liberal leader to be elected unopposed for about 30 years. Moreover, after two leadership upheavals in as many years and with an election looming, the impetus is for internal harmony. That could be the biggest trump card in his hand.

Symbolic US step in Vietnam

A correspondent assesses the significance of the opening of a liaison office

The opening by the US of a liaison office in Hanoi at the weekend is a symbolic and important step in the delicate political tango towards full normalisation between Washington and its Vietnamese former foes.

Although the opening of the diplomatic mission was welcomed by resident Americans and will help businesses by offering consular services, the move appears to have more psychological than practical value for US investors in Vietnam, of which there are far fewer than the Vietnamese have hoped for. Even as US State Department officials and guests sipped Russian sparkling wine in the lobby of the drab, nine-storey building, some resident US businessmen were playing down its importance.

"It doesn't mean Uncle Sam is going to help the average businessman, but at least it gives us a route to go," said Mr Al DeMatteis, who runs a construction company and chairs the local chapter of the American Chamber of Commerce. Although there was a rush of US business interest in Vietnam when President Bill Clinton removed the trade embargo a year ago, few deals were signed and the initial enthusiasm has not translated into hard investment.

It is likely to remain that way for some time, business people say. US business interest "is cautious and conservative", said Mr Norris Hickerson, Vietnam manager for Digital Equipment Corporation, the computer maker. "Lots of people are saying it's premature, that the investment isn't justified at this time."

Figures released this month by Vietnam's State Committee for Co-operation and Investment, the foreign investment licensing body, show only 28 US projects licensed, representing a total contract commitment of $270m (£173m). By contrast the biggest investor, Taiwan, has pledged $2bn, a fifth of the total, and Singapore $1bn.

Reasons for the lukewarm approach go beyond the technical barriers to a normal trading relationship between the two countries. "Every American company is run by lawyers in a way. Lawyers in most companies can and will kill a deal if they don't think it's safe," said Mr Tony Foster, resident representative for Freshfields lawyers in Hanoi.

What worries the lawyers is a weak legal infrastructure, in particular the lack of a reliable contract enforcement mechanism. Corruption is also souring interest, despite a vigorous anti-graft campaign announced by the Vietnamese leadership this month.

Doubts are also related to sensitivity about the Vietnam war. Mr Foster pointed out that most fairly large US company boardrooms were likely to have at least one member with some war connection and that this made it difficult to get deals through.

"The bottom line is that with these deals you have to get board approval. If you are a line manager pushing a project you're sticking your neck out against something that can be very emotional."

There are technical barriers too. Most prominent is the lack of Most Favoured Nation trading status, without which Vietnamese goods are subject to high tariffs at US ports. In addition, US exporters are handicapped without export credit guarantees from the federally-run Export-Import Bank which provides financing for US exports.

Boeing, the aircraft manufacturer, which is wooing Vietnam Airlines, the state carrier, in the hope of winning sales contracts as part of the airline's ambitious fleet expansion plans, said it would be able to offer more competitive prices if it had government-backed concessional financing.

The federal Overseas Private Investment Corporation (Opic), which provides insurance support for US companies abroad, has not yet extended coverage to Vietnam-related business. And US citizens seeking residence in Vietnam do not have the benefits of a treaty on avoidance of double taxation.

Washington does not need to establish full diplomatic ties with Vietnam in order for the Eximbank and Opic to start operating, but there are no signs that either is about to do so. In any case, State Department officials stationed at the new liaison office said their priority was "advancing the fullest possible accounting" of the 2,211 US servicemen missing in action as a result of the war, which ended in 1975 after the storming of the last US diplomatic mission in the former Saigon.

"I wouldn't look for any one move to mark a decisive change," said Digital's Mr Hickerson. "Lots of little things will gradually build up over time."

INTERNATIONAL ECONOMIC INDICATORS: PRICES AND COMPETITIVENESS

Yearly figures are shown in index form with the common base year of 1985. The real exchange rate is an index throughout; other quarterly and monthly figures show the percentage change over the corresponding period in the previous year and are positive unless otherwise stated

■ UNITED STATES

	Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate
1985	100.0	100.0	100.0	100.0	100.0
1986	101.9	98.6	102.3	99.4	85.0
1987	105.6	100.7	103.9	96.7	76.2
1988	109.9	103.2	107.0	99.1	71.0
1989	115.2	108.5	110.1	101.1	74.9
1990	121.5	113.9	113.6	104.3	73.4
1991	126.6	116.3	117.3	107.8	74.2
1992	130.4	117.7	120.2	108.4	74.2
1993	134.3	119.2	123.1	107.7	76.6
1994	137.8	119.9			74.5
1st qtr.1994	2.5	0.2	3.4	−1.0	77.0
2nd qtr.1994	2.4	−0.2	2.8	−2.3	75.8
3rd qtr.1994	2.9	1.3	2.8	−3.4	73.3
4th qtr.1994	2.7	1.3			72.0
January 1994	2.5	0.2	2.8	−1.1	77.8
February	2.5	0.2	3.7	−0.6	77.0
March	2.5	0.2	3.7	−1.3	76.4
April	2.4	−0.4	2.8	−1.7	76.4
May	2.3	−0.4	2.6	−2.7	75.9
June	2.5	0.1	2.8	−2.6	75.1
July	2.6	0.6	2.6	−2.9	73.4
August	2.9	1.9	2.8	−3.8	73.8
September	3.0	1.4	2.7	−3.5	72.6
October	2.6	1.0	2.7	−2.1	71.2
November	2.7	1.3	1.8	−3.1	71.6
December 1994	2.7	1.7			73.1

■ JAPAN

	Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate
1985	100.0	100.0	100.0	100.0	100.0
1986	100.8	95.3	101.4	103.4	118.4
1987	101.2	92.5	103.1	100.6	122.9
1988	102.2	92.3	107.8	96.2	131.0
1989	104.9	94.2	114.0	96.1	123.5
1990	108.2	95.7	120.1	98.3	108.3
1991	111.8	96.8	124.3	101.8	114.8
1992	113.9	95.9	125.6	111.0	116.3
1993	115.3	94.3	125.8	116.9	134.0
1994	116.1				139.5
1st qtr.1994	1.4	−2.2	2.9	3.7	137.8
2nd qtr.1994	0.6	−2.1	5.0	0.0	139.9
3rd qtr.1994	−0.1	−1.7	−1.9	−1.1	140.7
4th qtr.1994	0.8				139.9
January 1994	1.4	−2.1	4.5	3.4	134.5
February	1.4	−2.2	1.6	5.1	139.4
March	1.3	−2.2	2.4	2.6	139.4
April	0.8	−2.2	1.9	0.9	141.2
May	0.6	−2.0	1.0	0.0	139.1
June	0.5	−1.9	9.1	−0.9	139.3
July	−0.3	−1.8	−5.2	0.8	142.4
August	−0.1	−1.7	−0.9	−3.3	139.9
September	0.1	−1.5	3.3	−0.8	140.3
October	0.8	−1.2	3.9	−3.2	139.9
November	1.1	−1.2	2.9		140.8
December 1994	0.5				138.9

■ GERMANY

	Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate
1985	100.0	100.0	100.0	100.0	100.0
1986	99.9	97.5	103.4	103.8	107.4
1987	100.1	95.0	107.7	107.1	110.9
1988	101.4	96.2	112.3	106.9	110.0
1989	104.2	99.3	117.3	108.0	107.8
1990	107.0	101.0	123.5	110.3	110.7
1991	110.7	103.4	131.2	115.0	106.2
1992	115.1	104.9	138.0	121.5	108.7
1993	119.8	104.9	145.7	125.9	110.2
1994	123.5	105.5			108.7
1st qtr.1994	3.3	0.2	n.a.	−2.6	107.2
2nd qtr.1994	3.0	0.3	n.a.	−6.8	107.8
3rd qtr.1994	3.0	0.8	n.a.	−7.4	109.7
4th qtr.1994	2.8	1.3	n.a.		110.4
January 1994	3.5	0.0	5.2	−0.5	107.3
February	3.4	0.2	-	−5.0	106.6
March	3.2	0.3	-	−2.5	107.5
April	3.1	0.1	2.5	−6.6	107.0
May	3.0	0.4	-	−6.2	107.8
June	3.0	0.4	-	−7.6	108.4
July	2.9	0.4		−10.8	109.7
August	3.0	0.7		−5.3	109.9
September	3.0	0.7		−6.0	109.6
October	2.8	1.0		−7.2	110.1
November	2.7	1.4			110.4
December 1994	2.7	1.6			110.6

■ FRANCE

	Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate
1985	100.0	100.0	100.0	100.0	100.0
1986	102.5	97.2	104.5	101.6	103.4
1987	105.9	97.8	107.8	103.0	104.8
1988	108.8	102.8	111.1	104.1	102.2
1989	112.6	108.4	115.4	105.2	99.8
1990	116.5	107.1	120.6	109.6	103.6
1991	120.2	105.8	125.8	113.4	102.3
1992	123.1	104.0	130.3	115.6	105.8
1993	125.6	101.1	133.7	118.1	108.5
1994	127.7				108.0
1st qtr.1994	1.7	−1.5	n.a.	0.0	107.5
2nd qtr.1994	1.7	−0.1	n.a.		107.4
3rd qtr.1994	1.8	1.9	n.a.		108.6
4th qtr.1994	1.6		n.a.		108.5
January 1994	1.9	n.a.	–	n.a.	107.5
February	1.8	n.a.	–	n.a.	106.9
March	1.5	n.a.	2.1	n.a.	107.9
April	1.7	n.a.	–	n.a.	106.6
May	1.8	n.a.	–	n.a.	107.4
June	1.8	n.a.	2.4	n.a.	108.2
July	1.7	n.a.	–	n.a.	108.4
August	1.7	n.a.	–	n.a.	108.7
September	1.6	n.a.	2.4	n.a.	108.8
October	1.7	n.a.	–	n.a.	109.1
November	1.6	n.a.	–	n.a.	108.4
December 1994	1.6	n.a.		n.a.	107.9

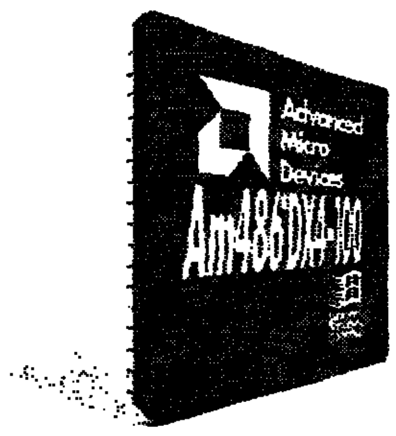
■ ITALY

	Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate
1985	100.0	100.0	100.0	100.0	100.0
1986	106.1	100.2	104.8	102.7	101.3
1987	111.0	103.2	111.6	105.5	102.0
1988	116.5	106.8	118.4	109.7	100.2
1989	124.2	113.1	125.6	112.3	103.6
1990	131.8	117.8	134.7	118.7	106.2
1991	140.3	121.7	147.9	131.2	105.5
1992	147.7	124.0	155.9	136.7	101.9
1993	153.9	128.7	161.3	139.3	87.3
1994	160.0				85.5
1st qtr.1994	4.2	3.5	4.3		85.2
2nd qtr.1994	4.0	3.1	4.1		87.4
3rd qtr.1994	3.7	3.5	3.0		85.4
4th qtr.1994					84.0
January 1994	4.2	3.5	4.0	n.a.	85.2
February	4.2	3.6	4.3	n.a.	85.5
March	4.2	3.2	4.5	n.a.	84.9
April	4.1	3.0	4.6	n.a.	87.5
May	4.0	3.2	4.6	n.a.	87.8
June	3.7	3.0	3.0	n.a.	86.8
July	3.6	3.2	3.1	n.a.	86.1
August	3.7	3.5	3.2	n.a.	85.0
September	3.9	3.8	2.9	n.a.	85.0
October	3.8	4.3	2.9	n.a.	84.7
November		4.8	3.0	n.a.	84.0
December 1994				n.a.	83.2

■ UNITED KINGDOM

	Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate
1985	100.0	100.0	100.0	100.0	100.0
1986	103.4	101.4	107.7	104.1	94.2
1987	107.7	104.9	116.3	106.6	94.6
1988	115.0	108.7	126.2	109.5	102.3
1989	121.8	113.9	137.2	114.4	101.3
1990	133.3	121.0	150.1	122.7	102.8
1991	141.2	127.5	162.4	131.3	106.6
1992	146.4	131.5	173.1	133.9	103.5
1993	148.7	136.7	180.9	134.7	95.7
1994	152.4	140.1			97.0
1st qtr.1994	2.4	3.3	4.8	1.9	98.6
2nd qtr.1994	2.6	2.2	4.4	−0.1	97.0
3rd qtr.1994	2.3	2.1	4.4	−1.5	95.9
4th qtr.1994	2.6	2.5			96.8
January 1994	2.5	3.7	4.8	1.7	99.9
February	2.4	3.4	4.4	1.8	98.3
March	2.3	2.8	5.3	2.3	97.5
April	2.5	2.2	4.7	0.6	97.0
May	2.5	2.1	4.3	0.6	96.9
June	2.6	2.1	4.3	−1.5	97.2
July	2.3	1.9	4.2	−1.5	96.0
August	2.4	2.2	4.5	−1.4	95.8
September	2.2	2.3	4.6	−1.5	95.9
October	2.4	2.3	4.9	−1.7	96.9
November	2.6	2.5	4.7	−0.7	96.9
December 1994	2.9	2.6			96.7

Statistics for Germany apply only to western Germany. Data supplied by Datastream and WEFA from national government and IMF sources, and by JP Morgan, New York. **Consumer prices**: not seasonally adjusted. **Producer prices**: not seasonally adjusted. US – finished goods, Japan – manufactured goods, Germany – industrial products, France – intermediate goods, Italy – total producer prices, UK – manufactured products. **Earnings index**: not seasonally adjusted, refers to earnings in manufacturing except France and Italy (wage rates in industry). Hourly except Japan (monthly) and UK (weekly). **Unit labour costs**, seasonally adjusted, measured in domestic currencies. Germany – mining and manufacturing, other countries – manufacturing industry. **Real exchange rate**: JP Morgan real effective exchange rate index versus 18 industrial country currencies, adjusted for change in relative wholesale price of domestic manufactures. A fall in the index indicates improved international competitiveness.



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65. Why not?
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68. Corel DRAW!
69. Aldus PageMaker.
70. Adobe Illustrator.
71. Adobe Photoshop.
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NEWS: WORLD TRADE

US soda ash exports face dumping duties

By Emma Tucker in Brussels

The European Commission is set to impose provisional anti-dumping duties on soda ash imports from the US in a move which will infuriate European glass producers.

The decision, expected at the end of next month, follows an investigation launched nearly two years ago after European producers, notably Solvay, the Belgian chemicals group, complained that US producers were selling products in Europe at prices below the level charged in the home market.

But glass manufacturers, the biggest customers for soda ash in the EU, argue that there is no link between US imports and the problems of the soda ash industry.

They say a drop in soda ash prices at the time the investigation was launched was the result of earlier action by the Commission in 1991 to break apart a powerful soda ash cartel – one of whose objectives was to exclude US producers – bringing proper competition to the sector. "Our people had access to other suppliers for the first time in years and years," said Mr Gilbert Maeyaert, secretary general of the CPIV European glass producers trade association.

Glass producers now say that what the Commission gave them in 1991 with one hand – a properly competitive soda ash industry – it now intends to take away with the other, by imposing anti-dumping duties.

They believe Solvay and a group of industrialists, using the threat of job losses, persuaded the Commission to endorse duties in December. That decision is now being looked at by the member states before final approval by the Commission.

Yesterday a Commission official said Sir Leon Brittan, the commissioner responsible for trade policy, "took months and months over this case and investigated it over and over again".

"There was dumping," said the official. "The fatal mistake that the US industry made was that when the European cartel was busted, they started to dump."

Glass producers concede that dumping probably did take place for a few months, but argue that the conditions are now so altered that action by the Commission would be misguided.

"If we take the Commission's definition of what is anti-dumping, it seems that for three to six months US soda ash was selling into Europe at too low a price," said Mr Luc Willame, chief executive of Glaverbel, the Belgian glass producer. However, he pointed out that soda ash imports now accounted for less than 3 per cent of the European market, and even at the time of the alleged dumping were only 8-10 per cent.

"What we want is to maintain a good, competitive functioning of the market. We want to be sure that soda ash manufacturers are not going to use this protection to raise their prices," said Mr Willame.

Solvay, the biggest producer of soda ash in Europe, says duties are necessary to prevent "irreparable injury" to the European soda ash industry.

Brussels patent ruling complaints

By Emma Tucker in Brussels

Industry representatives from across Europe meet in Brussels today to set out their objections to Commission plans for reforming the rules governing the licensing of patents.

Following a flood of protest, the Commission has called a hearing at which industry will argue that proposals to limit the power of big companies to secure exclusive licences are unscientific and unworkable and will act as a barrier to technological innovation.

The process of licensing patents for new products and technologies is largely immune from EU competition rules, under special Commission powers that allow it to exempt certain anti-competitive industry agreements that are judged to yield other benefits – such as the advance of science and technology or consumer safety.

However, the Commission fears the system, by allowing dominant companies to secure exclusive licences, has enabled big business to monopolise the market in certain products and prevent access to new technology by outsiders.

The bloc exemption was due to expire at the end of last year. In preparation the Commission produced a replacement framework that was less generous to big business.

It proposed that the new bloc exemption should apply only to companies with a limited market share.

Specifically, exclusive licences were only to be exempt from competition rules if the licensee's market share was no more than 40 per cent, and that the market was not oligopolistic – in other words, that the parties to the agreement plus one other company did not hold a total market share of over 50 per cent.

The industry reacted furiously. It argues that market share is not a science and that the 40 per cent threshold is bound to result in protracted arguments over how to measure market share.

"Companies cannot be certain what their market share is, so they therefore cannot be certain that they will benefit from the bloc exemption," said one industry representative in Brussels. "If it is 39 per cent they are safe, but if it is 41 per cent they are illegal. There are bound to be arguments with the Commission, which has traditionally tended to define markets very narrowly."

The new rules, the industry says, will lead to long delays it cannot afford when it is in the process of licensing patents and know-how, and will introduce uncertainty.

"Not only is uncertainty bad for business, it is particularly pointless for new products because no one knows about the market yet," said Mr Andrew Popper of British Technology Group. "So in practice it will damage technology transfer and impede new inventions and products coming to the consumer."

Japanese vehicle exports fall 11%

By Krishna Guha in London

Japan's vehicle exports fell to a 17-year low in 1994, declining 11.1 per cent to 4.46m vehicles, according to figures released by the Japanese Automobile Manufacturers Association (Jama) yesterday.

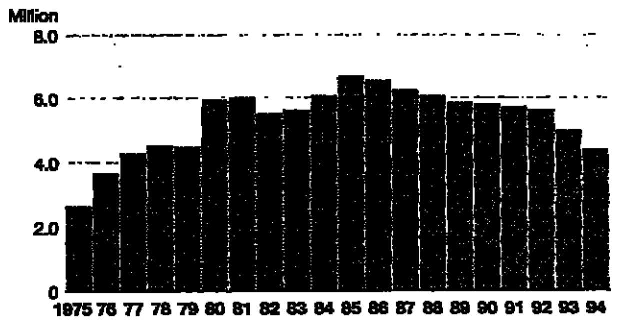
The figures will compound car trade difficulties between the US and Japan; talks between the two ended without agreement last week.

Last year was the ninth consecutive year in which Japan's vehicle exports have fallen in the face of stiff foreign competition in US and European markets and the appreciation of the yen. Analysts said exports were likely to remain subdued in 1995 as Japanese companies switched production to cost-efficient plants overseas.

Mr Seiichiro Iwasawa, senior analyst at Nomura Research Institute, said: "Japan's vehicle exports will continue to fall because exports to the US and Europe will remain slow, even if exports to other areas such as Asia increase."

Japan's motor vehicle exports to the EU fell 16.5 per cent in 1994 to 815,911 vehicles, considerably less than the agreed quota of 993,000. Sales of Japanese marques have recovered from their recession low in recent months but Japanese companies have responded by increasing production at European plants and subsidiaries such as Mitsubishi's NedCar, based in the Netherlands. Mr Iwasawa said: "Exports from Japan are unlikely to increase because Japanese carmakers are increasing local output. Mitsubishi will start production at its Dutch unit this year. That will have a big effect."

Japan: total vehicle exports



Source: Japan Automobile Manufacturers' Association

Japan's finished vehicle exports to Asia fell by 20.2 per cent in 1994 to 594,335 vehicles, though exports of car parts to Asian assembly plants increased.

A Jama official said Japanese car manufacturers had given up trying to compete against vehicles produced locally because of the cost burden imposed by the yen.

However, Japan's vehicle exports to the US rose in 1994, up 1.6 per cent to 1.64m vehicles in spite of a fall in passenger car exports. This will intensify US demands for progress in talks over reciprocal US access to Japanese car and vehicle parts markets, at a time when Japan's domestic industry is suffering from the decline in its overall exports.

Talks, which had been suspended since October, resumed at sub-cabinet level in Washington last week. However, they failed to break the deadlock over "complex technical issues" and were postponed once more without formal agreement on Friday.

See Editorial Page feature

Protest at US steel pipes ruling

By Michiyo Nakamoto in Tokyo

Japanese steel companies will appeal against a preliminary ruling by the US Department of Commerce that they have been dumping seamless pipe products in the US.

Sumitomo Metal Industries, Japan's largest producer of seamless pipes, said yesterday the ruling and the 44.2 per cent dumping margin set by the Commerce Department were "very regrettable".

"We have always said that our exports are specialty products which US makers cannot produce and therefore our exports are not damaging US makers," a Sumitomo representative said yesterday. The company intended to press this point with the International Trade Commission.

The Commerce Department's ruling is the latest development in an anti-dumping charge launched last June by seven US producers, led by US Steel.

It follows a preliminary ITC ruling against Japanese steelmakers in August which determined that Japanese imports to the US of seamless pipes might have damaged US manufacturers. The ITC is conducting further investigations.

While neither ruling so far is final, the impact on Japanese exports of seamless pipes for oil drilling to the US has been severe. "I don't think there have been any new business negotiations [with US customers] since last June," a representative of Nippon Steel said yesterday.

Any negotiations since the anti-dumping charges were filed would have to be conducted with the understanding that the customer in the US would bear any additional costs associated with dumping duties.

CONTRACTS AND VENTURES

China to maintain satellite launches

China will maintain its foreign satellite launch programme this year despite last week's explosion of a launch rocket which destroyed a $160m communications satellite. The China Great Wall Industrial Corporation (CGWIC) said five planned satellite launches for foreign customers would go ahead this year. CGWIC, which markets China's satellite launch programme, was also discussing new contracts, a spokesman told the official China Daily newspaper.

China's satellite programme suffered a serious setback with the destruction of the Long March 2E launch vehicle after lift-off. According to China Daily a video recording showed that fire broke out in the front part of the rocket. "Fire first engulfed the satellite compartment, then quickly spread to the trunk of the carrier rocket and finally caused an horrific explosion," the paper said.

The satellite was built by the GM unit of Hughes Space and Communications and would have carried signals across a vast section of the globe for high-profile clients including Reuters television and Turner Broadcasting. *Tony Walker, Beijing*

Lucas sets up Hubei venture

Lucas Industries, the UK motor components and aerospace group, is setting up its second vehicle brakes manufacturing joint venture in China. Lucas will have a 60 per cent stake in the venture, which initially will produce 100,000 truck brakes a year at a $8.5m plant in Shiyan city, Hubei province. If the project proceeds as planned, the plant will be producing 300,000 units annually within five years.

The joint company represents part of Lucas' strategy to establish a presence in China's rapidly expanding industrial economy. It has a third joint venture, but in the aerospace sector. Its partner in the truck brakes venture, to be called Lucas Hua Yang Vehicle Braking, is Hua Yang Enterprise Group, a state-owned company with a turnover of around $40m. China currently produces about 300,000 trucks over five tonnes annually. *John Griffiths, London*

■ Petronas, Malaysia's national oil corporation, has awarded a $690m oil refinery construction contract to a consortium led by Chiyoda and Mitsui of Japan. The refinery, capable of processing 100,000 barrels of oil a day, will form part of a petrochemical complex being built near Malacca on the west coast of the Malaysian peninsula. Petronas and Conoco, the US oil company, are jointly developing the complex. A consortium of companies from the US, Japan, South Korea and Taiwan was originally given the refinery contract but unspecified differences between parties led to abandonment of the deal. *Kieran Cooke, Kuala Lumpur*

■ Innotech of Japan and Beijing University will set up a joint venture to design semiconductors for the Chinese market. The new company, capitalised at Y100m ($1.01m), will start operations in 1997. The venture will be owned 40 per cent by Beijing University, 40 per cent by Innotech, a maker of semiconductor manufacturing equipment, and 20 per cent by its parent Itochu. *Reuter, Tokyo*

■ Brascan, the Canadian financial services group, plans to invest $250m in commercial property and a hotel (in association with InterContinental Hotels) in the São Paulo and Rio de Janeiro areas of Brazil. Brascan and InterContinental already have a joint venture hotel in Rio. *Robert Gibbens, Montreal*

■ E. Phil and Sons of Denmark has won a $64m contract from the Port Authority of Jamaica to expand Kingston's container terminal. The terminal's facilities will have an additional 32 acres of paved storage for containers and 2,000 feet of berthing. The Port Authority is also buying two gantry cranes from Mitsubishi of Japan for $13m. *Canute James, Kingston*

NEWS: THE AMERICAS

Mexican markets tumble on package fears

By Ted Bardacke and Leslie Crawford in Mexico City

Mexican financial markets were hit hard yesterday by fears that the proposed $40bn (£25.6bn) US package of loan guarantees would be defeated in the US Congress and market rumours that the country's international reserves are falling to dangerously low levels.

Adding to investor worry is the perception that the Mexican government, which initially thought passage of the US package was assured, may have been lulled into a false sense of security and lacks a contingency plan should the US package fail. By midday, the stock market had fallen by 2.61 per cent and the peso had hit an historic low on rumours that Mexico's international reserves had fallen to as low as $2bn. The slide continued despite central bank statements denials of the depleted reserves.

The US dollar remained in heavy demand driving the peso down to 6.25 pesos to the dollar after closing 5.67 pesos on Friday. As of January 3, reserves stood at $5.5bn and the central bank said new official figures would be published on February 9.

Central bank officials also said that they were drawing on the $10bn credit line extended by the US Treasury and Canada's central bank to shore up reserves. Many private economists have estimated current reserves to be approximately $4bn-$5bn.

With low reserves and without the US loan guarantees, Mexico may have trouble paying off its short-term dollar-linked debt, which traders say is leading foreign investors to buy dollars in anticipation of this year's maturity of such debt – amounting to $17bn in government securities and $18bn in short-term private bank obligations.

In New York, Mexican equities were also off sharply, with shares of Telmex hitting a 52-week low. Analysts said that in addition to general selling of Mexican stocks, continued turbulence in the markets was making it difficult to make earnings projections for 1995, thus forcing investors to stay out of the market completely.

Mexican banks have also been caught up in the uncertainty. Banca Serfin, the country's third largest bank, announced that it had set aside 1.4bn new pesos ($250m) in loan loss reserves, a 649 per cent increase over 1993. Serfin posted a net profit of 185m new pesos for the year ending December 31, 1994, a 81.2 per cent drop compared to 1993. So far, Mexican authorities have not indicated what their economic strategy might be should the US aid package fail to be approved by the US Congress.

Both foreign and domestic investors are now pressuring the government to draft contingency plans that go beyond reliance on the offers of financial aid pledged by friendly governments, the International Monetary Fund and commercial banks totalling some $25.7bn.

Soros warns of danger to world economy

By Peter Norman and Guy de Jonquieres in Davos

Mr George Soros, the financier, yesterday warned that a failure of the US Congress to approve the $40bn (£25.6bn) support package for Mexico would have very serious implications for the Mexican and world economies.

Mr Soros said it now appeared that the US government guarantees on which the package depends would not pass Congress. The momentum had turned against it, he said.

"The fall out from the Mexican crash could be very severe. It has very very serious implications for the world economy," he said.

"If stability is not re-established in Mexico, it would have a knock on effect throughout the world because investors would be shellshocked".

Mr Soros predicted a negative effect on all countries that have relied on foreign investment for economic growth. These were the countries which had produced growth in the world economy.

Mr Soros's grim assessment reflected a deepening sense of gloom about Mexico among participants at the World Economic Forum in Davos.. He said he believed moves were underway to reinforce an earlier package of international support for Mexico in the event that Congress voted down the US administration's plan.

It was possible the original $18bn of support from foreign governments and international banks might be made available for a longer period of time.

The plight of Mexico is now expected to top the agenda of the meeting on Friday and Saturday in Toronto of the Group of Seven finance ministers and central banks governors.

He said his own business interests had suffered a loss that was "not very significant" since the Mexican crisis broke. His main exposure was in two financial companies which were long-term investments.

● Angus Foster adds from São Paulo: The announcement last week by Argentine president Carlos Menem that four South American countries are planning a $1bn loan for Mexico has annoyed Brazilian congressmen, many of whom do not want their country involved in the package.

Brazil's president Mr Fernando Henrique Cardoso, trying to defuse criticism of the loan in Brazil, described the idea as "very preliminary". A Brazilian government official said any loan would be largely a "political gesture" and would be conditional on the US Congress approving the $40bn loan guarantee deal.

Clinton urges humane reform of US welfare

Clinton: reform commitment

By Jurek Martin in Washington

President Bill Clinton yesterday committed his government to "meaningful" reform of the US welfare system this year, with substantive administrative power transferred from Washington to the 50 states.

But he warned the nation's governors not to use their new-found power to pursue reform in a callous manner. "We do have a national interest in protecting our children," he said in a morning speech to the national governors conference.

Mr Clinton said he had long approved of the principle and most of the practice of "block grants" from the federal government to the states and thought that the states should enjoy greater flexibility over how to administer programmes and where to spend money.

But some of the more radical ideas emanating from the Republican leadership in Congress and some of the states concern the administration. Ms Donna Shalala, secretary of health and human services, spoke yesterday of not letting the poor and the young fall through the social safety net.

The governors themselves are divided, mostly on party lines, on the issue, perhaps to the point of not being able to find the necessary three-quarters approval at their conference for a position paper which which would become their official policy.

The president spent much of the weekend with the governors – and also a conference of mayors from across the country. He reported broad agreement on the need to reduce teenage pregnancy, on forcing absent fathers to pay financial maintenance and generally to reduce the climate of "dependency" that conservatives claim is fostered by the existing welfare system.

But, as he put in his weekend national radio address, "I don't believe we should punish people because they happen to be poor or because of past mistakes. And, absolutely, we shouldn't punish children for their parents' mistakes."

This constituted a direct criticism of some Republican notions, which would deny assistance to unwed teenage mothers or remove their children from their direct care.

The federal welfare budget cost currently stands at about $12.5bn (£8bn) a year, with the cost to the states an additional $10.2bn. Altogether about 14m people receive assistance from the Aid to Families with Dependent Children programme, the main federal welfare vehicle.

Mr Clinton proposed his own welfare reform bill last year, but it fell foul of Republican obstruction. This year's legislation will be principally drafted by the new Republican majority, though the president's aim is clearly to soften it at the edges.

Top banker warns over derivatives

By Peter Norman in Davos

The banking industry could find itself facing official restrictions over derivatives unless it takes action to reassure legislators its own controls are adequate, a senior central banking official warned yesterday.

Mr Andrew Crockett, the general manager of the Bank for International Settlements, said more regulation was not the answer to the recent headline-making losses incurred by some corporations and Orange County, California, through investing in derivative financial products.

But he warned that regulation would come "willy nilly" in response to public pressure unless senior managers in the institutions selling and using derivative products recognised their responsibilities.

Senior managers should understand derivatives when they used them, and be prepared to say no to subordinates advocating their use if they did not understand them. Financial institutions should institute proper risk controls, ensuring that those carrying out internal audits of derivative positions were segregated from traders.

Speaking at the World Economic Forum in Davos, Mr Crockett said an "amber or red light" should go on in the board rooms of a manufacturing or energy company if it expected its treasury department to make large profits from financial activities.

Defending derivatives, he said they had not enlarged the categories of risk facing business. It was very important that legal uncertainties surrounding new financial instruments should be speedily tested and resolved.

AMERICAN NEWS DIGEST

Peruvian troops rush to border

Peruvian forces continued to mass on the frontier with Ecuador yesterday following border clashes between the armed forces of the two countries. As tensions escalated, the permanent council of the Organisation of American States met in Washington at Ecuador's request. Reports indicated that up to 20,000 Peruvian soldiers had been mobilised. Several Peruvian warships and submarines have also been moved into the area around Paita and Talara – site of a big Peruvian oil refinery – on the northern coast. A communique issued in Lima said a Peruvian helicopter was shot down over Peruvian territory on Sunday by an Ecuadorean missile, killing five crew members. It also said the Peruvian army had retaken a border area invaded days earlier by Ecuadorean troops.

Ironically, two Ecuadorean banks have just made significant investments in Peru: the Banco Popular recently acquired 53 per cent of Peru's Banco Interandino and Banco de Pichincha 25 per cent of Lima-based Banco Financiero. Two other Ecuadorean financial institutions are evaluating possible bids for Peru's state-owned Banco Continental, due to be auctioned in a few weeks. The Lima stock exchange, which has a large foreign investor presence, reacted nervously. By midday the blue chip index was 7 per cent down. *Sally Bowen, Lima*

See Feature

UN to approve Haiti force

The United Nations Security Council appeared set last night to approve deployment of a 6,000-member UN force in Haiti, taking over military control from the Americans. Although China was said to have last-minute reservations on some details, a final decision was expected. Completion of the military transfer to the UN is scheduled for March 31 and the Council's mandate would initially be for six months, at a cost of just over $178m (£114.1m). France and Ireland, but not Britain, are among countries that have promised troops for the UN operation. Their commander will be an American, Maj-Gen Joseph Kinzer. About a third of the force will comprise US troops. *Michael Littlejohns, New York*

US personal incomes up 0.8%

US personal incomes rose 0.8 per cent in cash terms last month and by 6.1 per cent during 1994 as a whole, the largest cash increase in four years, the Commerce Department reported yesterday. The December gain was bigger than most analysts expected and provides further evidence that rapid employment growth is boosting living standards. Personal consumption spending, however, rose only 0.3 per cent last month, confirming the pace of household spending eased at the end of last year. The figures follow the release on Friday of data on gross domestic product which showed the economy grew at an annualised rate of 4.5 per cent in the fourth quarter. Real consumer spending grew 4.6 per cent during the quarter as a whole, despite the slowdown in November and December. Federal Reserve governors and regional presidents meet in Washington today and tomorrow to debate the monetary outlook. Most economists expect the Fed to signal another half-point increase in short-term interest rates to 6 per cent.

Last year's growth in personal incomes shows that the benefits of economic growth are feeding through into higher household living standards. But the improvement is more modest after allowing for inflation and taxes. Real disposable incomes grew 3.5 per cent last year against 1.5 per cent in 1993. After allowing for population growth, last year's per capita increase in real disposable income was 2.5 per cent. *Michael Prowse, Washington*

See Feature

Israel cancels tax on stock market gains

By Julian Ozanne in Jerusalem

Mr Avraham Shochat, Israel's finance minister, yesterday caved in to political and public pressure and cancelled a controversial capital gains tax on stock market profits, marking an embarrassing U-turn in economic policy.

The cancellation will further damage the credibility of the finance minister and exacerbate the image of a government awash with self-doubt and confusion about important economic and political decisions.

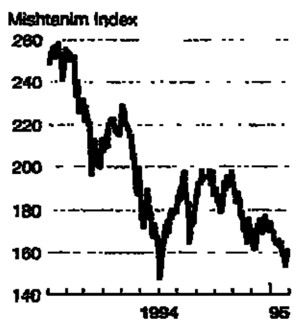
Market analysts said the cancellation of the tax was a boon to investors and predicted share prices would soar today on the Tel Aviv market. But they warned of potentially damaging effects of the Labour-led government's response to its slump in recent opinion polls, partly caused by discontent among thousands of small investors about the tax.

"It is good news for the market and for investors," said Mr David Rosenberg, market analyst at Pacific Mediterranean Investments. "But it is clear we are running into an election season and the government is in pretty dire straits, and this is the first stop on the campaign trail. If you are looking forward and you are worried about the government engaging in election economics, you should be a little concerned."

Mr Shochat, who made his announcement after the market closed, said he still believed the tax was economically and socially justifiable to broaden the tax base and tax capital as well as labour. He also denied the link between last year's 30 per cent market slump and the announcement of the tax last August. But he said a "political, social and psychological climate was created in which a link was made" and the governing party "found it difficult to withstand incredible pressures... that the tax had led to a crisis and that the political price being paid was too high."

In an interview last night Mr Shochat said he had been forced to bow to "the great sensitivity of the public" and end

Israel



Source: FT Graphite

the embarrassment surrounding the tax but he dismissed growing speculation he would resign or that there would be further populist changes to economic policy.

"It is a pity I have to cancel the tax and I don't deny I prefer to implement it, but it does not set an example for other government economic policies," he said.

Mr Shochat's announcement followed a row in cabinet on Sunday when Prime Minister Yitzhak Rabin attacked the tax and blamed his finance minister for getting him to back a tax which proved unpopular and provided no revenue given the conditions in the market.

Ministers said Mr Rabin had complained bitterly that the tax, which had been due to take effect on January 1, had not been implemented and at one point said: "We can say we made a mistake."

Mr Shochat was reported to have said: "Just like we made a mistake in Oslo [with the Israeli-Palestinian peace agreement]. This is a government of mistakes."

For several months Mr Shochat has fought off a campaign by populist ministers to abolish the tax and force him to resign.

"Shochat is now a dead duck," said Mr Pinchas Landau, columnist for the Telegraph business newspaper. "He is washed up. The Treasury is not functioning but more importantly the government as a whole is seen to be not merely buffeted by public opinion but completely inconsistent."

France tries to step away from Algerian conflict

By David Buchan and John Ridding in Paris

France is to freeze delivery of civil helicopters and scale down sales of military radios and special protection gear to Algeria, in an attempt to affirm its neutrality in the bloody civil war between Algeria's security forces and Islamic fundamentalists, a French official said yesterday.

At the same time a senior French military officer said that, while government forces had "over the past month or two regained a certain control" over some territory previously held by the fundamentalists, "only a political solution" could end the strife.

He said the security forces' "tactical successes" had changed the pattern rather than the scale of the violence. Several hundred people were still dying each week, with the army suffering fewer losses and organisations such as the Islamic Armed Group (GIA) taking more casualties.

A car bomb exploded along a crowded street near Algiers' main police station yesterday killing 38 people and injuring about 256, security forces said, Reuter reports from Algiers. It was by far the worst bombing during a three-year insurgency by Islamic militants that has killed an estimated 30,000 people.

Sporadic automatic gunfire was heard shortly after the explosion. There was no immediate claim of responsibility.

The attack followed an exhortation by the Islamic Salvation for its followers to intensify attacks during the Moslem holy month of Ramadan, which began today.

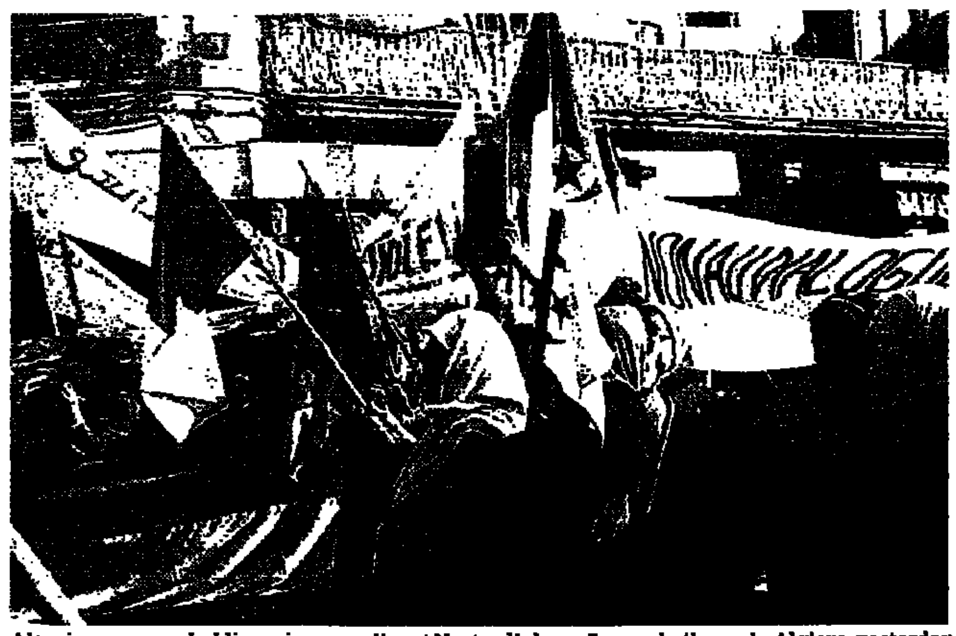
Because of this the GIA was operating more at night, but it still had "refuge areas where the security forces cannot penetrate".

Following the Air Algérie hijacking over Christmas, Prime Minister Edouard Balladur ordered a review of France's relatively small-scale military sales of FFr30m (£3.6m) a year to Algeria. These have consisted mainly of radio and communications equipment and special flak jackets and helmets. Officials said yesterday existing contracts would probably be fulfilled, but new contracts turned down.

Even before the hijacking, the French government had refused an Algerian request for the "militarisation" of the nine Ecureil civil helicopters that Algiers ordered from Eurocopter last year.

Yesterday Eurocoptèr, the joint company of Aérospatiale and Daimler-Benz Aerospace, said delivery of the Ecureils, due to start this month, had been frozen.

The French officer said he had no evidence that Algerian fundamentalist guerrillas were receiving any substantial outside help. "But the longer this crisis lasts, the greater the chance of it being internationalised."



Algerian women holding signs reading "No to dialogue" march through Algiers yesterday protesting against peace overtures by opposition parties and in favour of the government EPA

This prospect was discussed at a January 21 meeting in Tunis of interior ministers from France, Spain, Italy, Portugal, Tunisia and Algeria – but not from Morocco, whose minister pointedly stayed away.

Meanwhile, Mr Charles Pasqua, France's hardline interior minister, has continued to take a gloomier view of the Algerian political solution than fellow ministers.

In contrast to the welcome given by Mr Alain Juppé, the French foreign minister, to the recent Rome peace overtures by the Algerian opposition, Mr Pasqua said over the weekend it was "unthinkable" that the fundamentalists would abandon their aim of an Islamic state - which, according to the interior minister, would return Algeria to the seventh century.

'Economic strains' for Arab states

Arab states will face further economic strains in coming years due to rising unemployment and a population growth rate higher than the world average, said a report by four Arab institutions, Reuter reports from Abu Dhabi.

The 1994 report on Arab economies estimated that 3m people would seek to enter the Arab labour market each year between 1996 and 2000.

The report, based on figures for years up to 1993, was compiled by the Arab Monetary Fund, the Arab League, the Arab Fund for Economic and Social Development and the Organisation of Arab Petroleum Exporting Countries.

It said there were 240m Arabs in 1993, adding that the population grew at a yearly rate of 2.7 per cent from 1990 to 1993, compared to 1.9 per cent for developing states as a whole and 0.6 per cent for industrialised ones.

The fast growth reflected falling death rates and fertility rates almost double those of developing countries as a whole.

US extends its N-test ban to boost talks

By Bruce Clark, Diplomatic Correspondent

President Bill Clinton's national security adviser, Mr Anthony Lake, said yesterday the US had decided to extend its moratorium on nuclear testing. The unilateral ban had been due to expire in September, but was extended for a year to allow negotiations on a comprehensive test ban treaty to be completed.

Mr Lake added that the US was also dropping its insistence on an clause allowing it to opt out of a test ban treaty after 10 years in an effort to complete the CTB treaty.

The push for a full test ban treaty is seen as an important totem in the run-up to negotiations on renewing the nuclear non-proliferation treaty, due to start in April. Non-nuclear weapons states want testing banned because it allows others to develop more sophisticated bombs.

A comprehensive test ban treaty would be seen as a sign that the nuclear weapons states are serious about disarmament and would make it easier for them to achieve their goal of a indefinite extension to the NPT.

The NPT review conference coincides with the expiry of the current treaty's 25-year life; if it fails, the world could in theory have no legal obstacles to the spread of nuclear arms.

All five existing nuclear powers – the US, UK, Russia, France and China – and all the other main western countries are in favour of an indefinite extension. But, as things stand, supporters of this proposal are about 20 votes short of the majority they need.

Some 170 of the 185 members of the UN are party to the treaty, and Argentina and Chile have said they are about to join. Important absentees include Israel, India and Pakistan.

A group of about 20 non-aligned states has argued for a 10- or 25-year extension to keep pressure on nuclear states. They argue that the nuclear powers have failed to keep their side of the NPT bargain, which requires pursuing disarmament – including a test ban – and sharing technology.

BASIC – an Anglo-American lobby group on disarmament issues – suggests in a report today that the US will step up economic and political pressure on countries holding out against prolongation. "There is speculation that the US and its allies will twist arms by making financial and political support for particular countries conditional on indefinite extension," it says, adding that Mexico is likely to be one of the first targets.

Green light for banks in S Africa

By Mark Suzman in Johannesburg

The Johannesburg Stock Exchange is to proceed with plans to allow full ownership of local broking firms by banks and foreign brokerages this year and will introduce fully automated trading from early 1996, Mr Roy Andersen, JSE president, said yesterday

The exchange has decided to give a target of November 8 1995, as the date after which banks and foreigners can enter the market directly.

Several British merchant banks have established formal links with South African brokers in anticipation of the changes.

Mr Andersen also said the exchange had completed research into the feasiblity of screen trading and was looking at tenders for the installation of an Automated Trading System. He hoped the system would be set up this year and fully operational in 1996.

The plans have been broadly welcomed by local banking groups.

January 1994
ALPHA Airports Group PLC
Flotation, Public Offer and Placing of 113,087,500 Ordinary Shares at 140p each
Financial Adviser and Underwriter
UBS Limited

November 1994
Akzo Nobel NV
US$700 million Revolving Credit Facility
Joint Arranger and Agent
Union Bank of Switzerland

June 1994
Aylesford Newsprint Limited
£150 million Project Financing
Agent and Joint Lead Arranger
Union Bank of Switzerland

October 1994
Booker plc
Cash Placing of 10.5 million Ordinary Shares at 404p each
Joint Broker
UBS Limited

March 1994
Capital Shopping Centres PLC
Initial Public Offering of 91,000,000 Ordinary Shares at 230p each
Joint Lead Manager
UBS Limited

November 1994
Chakwal Cement Company Limited
US$100 million Global Depositary Receipts
Lead Manager
UBS Limited

May 1994
Chia Hsin Cement Corporation
US$65 million 4% Convertible Bonds due 2002
Joint Lead Manager
UBS Limited

July 1994
Cia. Valenciana de Cementos S.A.
Ptas 35 billion Syndicated Term Loan
Co-Arranger and Co-Underwriter
UBS (Luxembourg) S.A.

May 1994
CIR S.p.A.
Lit 591 billion Rights Issue of 6% Convertible Notes due 1999
Joint Global Co-Ordinator
UBS Limited

May 1994
CLC/Petrogal
US$269 million Project Financing
Adviser
Union Bank of Switzerland

May 1994
CLS Holdings plc
Flotation Issue of 45,045,045 Ordinary Shares at 111p
Joint Adviser and Sole Broker
UBS Limited

May 1994
Cowie Financial Holdings plc
£200 million 3 year Revolving Credit Facility
Joint Arranger
Union Bank of Switzerland

May 1994
Crédit Local de France
FFr 1 billion 7.25% Bonds, due 2003
Joint Lead Manager
UBS France S.A.

December 1994
Crédit Lyonnais
"Titricarte"
FFr 2 billion First Revolving Credits Securitisation in France
Joint Lead Manager – tranche A
Lead Manager – tranche B
UBS France S.A.

November 1994
Depfa Bank
DM 750,000,000 7⅛% Bonds, due 1999
Joint Lead Manager
Schweizerische Bankgesellschaft (Deutschland) AG

September 1994
Electricidad de Portugal S.A.
DM 375 million Syndicated Term Loan
Co-Arranger and Co-Underwriter
Union Bank of Switzerland

December 1994
Elopak A/S
NOK 360 million Syndicated Revolving Credit Facility
Joint Arranger
Union Bank of Switzerland

April 1994
Empresa Nacional de Electricidad S.A.
ENDESA
Adviser to evaluate the Spanish cellular phone market
Adviser
UBS Limited

July 1994
ENI S.p.A.
Adviser for the sale of Nuovo Pignone S.p.A.
Adviser
UBS Limited

November 1994
EVC International NV
Global Offering of 10,000,000 Ordinary Shares at NLG 77 each
Joint Global Co-Ordinator
UBS Limited

July 1994
Formosa Chemicals & Fibre Corporation and Nan Ya Plastics Corporation
US$600 million 1¼% Bonds, due 2001
Lead Manager
UBS Limited

November 1994
Forte Plc
£177 million Vendor Placing of 78,000,000 new Ordinary Shares at 227p
Financial Adviser and Underwriter
UBS Limited

July 1994
Gardner Merchant
£240 million refinancing, working capital and acquisition facility
Co-Arranger
Union Bank of Switzerland

November 1994
Guinness PLC
Block trade of 72,000,000 Ordinary Shares at 457p each
Lead Manager
UBS Limited

January 1994
Her Majesty in Right of Canada
US$2 billion FRN, due 1999
Joint Lead Manager
UBS Limited

June 1994
Her Majesty in Right of Canada
US$2 billion 6.5% Bonds, due 1997
Joint Lead Manager
UBS Limited

March 1994
Her Majesty The Queen in Right of New Zealand
US$1 billion FRN, due 1999
Joint Lead Manager
UBS Limited

September 1994
Humber Power Limited
£520 million Project Financing for a 750MW Gas-fired Power Station
Agent and Joint Lead Arranger
Union Bank of Switzerland

September 1994
The International Bank for Reconstruction and Development
US$1.5 billion Global 7.125% Bonds due 1999
Joint Lead Manager
UBS Limited

September 1994
Intershop Holding AG
SFr 101.31 million 3½% Bonds with Warrants due 2000 by way of Rights
Lead Manager
Union Bank of Switzerland

November 1994
IZASA S.A.
Ptas 8,000 million Structured Syndicated Term Loan
Co-Arranger and Co-Underwriter
Union Bank of Switzerland

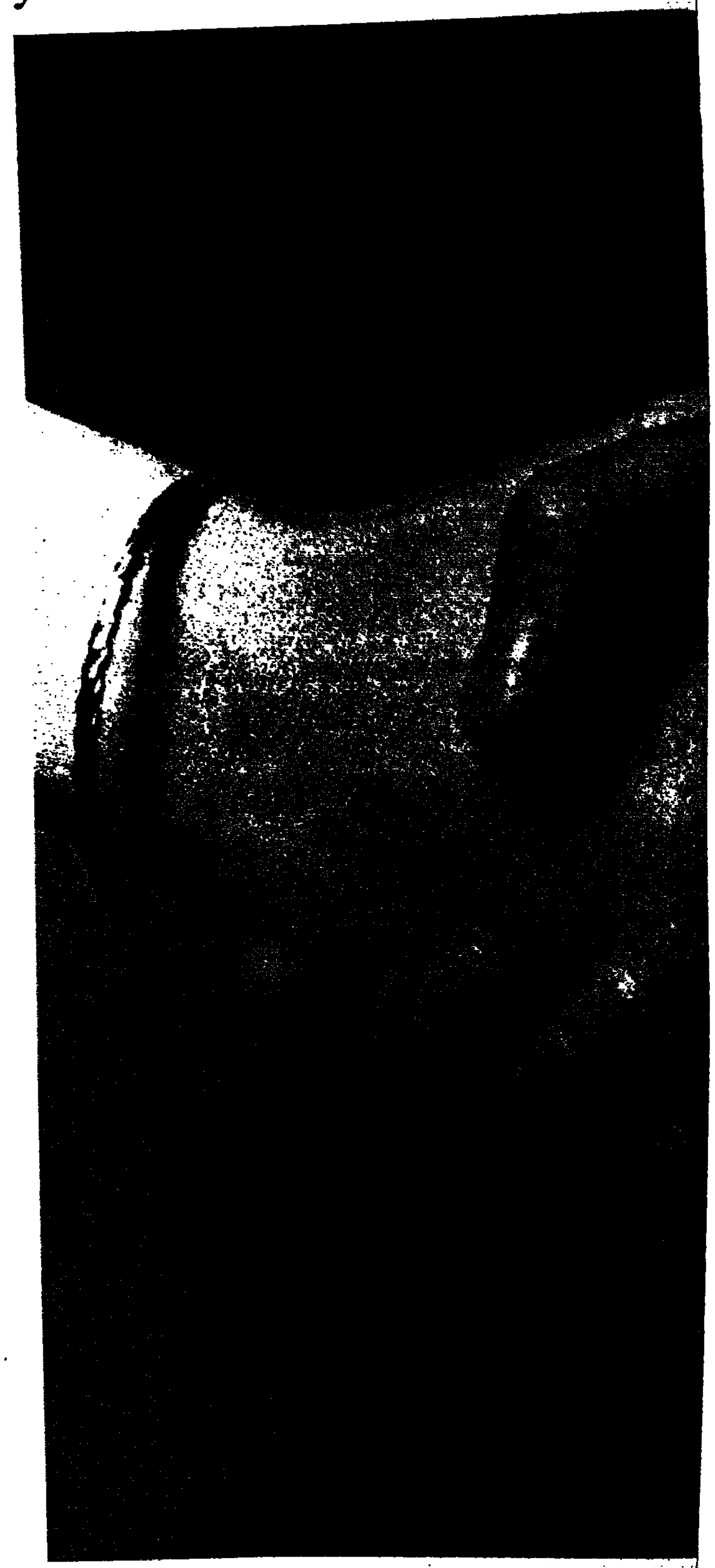
June 1994
Kingdom of Belgium
US$500 million 7% Bonds, due 1999
Joint Lead Manager
UBS Limited

January 1994
Kingdom of Sweden
US$2 billion FRN, due 2001
Joint Lead Manager
UBS Limited

March 1994
Kinki Nippon Railway Co., Limited
SFr 300 million 2% Notes with Warrants due 2001
Joint Lead Manager
Union Bank of Switzerland

July 1994
Liberty Life Association of Africa Limited
US$320 million 6¼% Convertible Bonds due 2004
Joint Lead Manager
UBS Limited

In markets where fina
you are in safe hands.



February 1994
Kingdom of Sweden
£200 million 6.25% Bonds, due 1999
Joint Lead Manager
UBS Limited

September 1994
Kumyoung Co., Ltd.
SFr 25 million 0.75% Convertible Bonds due 1999
Lead Manager
Union Bank of Switzerland

April 1
Merloni Elettrodomestici
US$ 100 million Revolving Credit Facili
due 1997
Joint Arranger
Union Bank of Switzerl

March 1994
ont Blanc Capital

1 billion programme
$340 million issued
December 1994)

nger of sales to MBCC
nding in US CP markets
UBS Limited

May 1994
Norcor Holdings PLC

Flotation, Placing
of 14,166,667
Ordinary Shares
at 120p each

Adviser and Broker
UBS Limited

November 1994
Österreichische Postsparkasse

SFr 250 million
5⅝% Bonds
Re-opening, due 2002

Lead Manager
Union Bank of Switzerland

December 1994
Perstorp AB

US$150 million
Syndicated Revolving
Credit Facility

Joint Arranger
Union Bank of Switzerland

January 1994
Samsung Electro-Mechanics Co Ltd

SFr 70 million
0.25% Convertible Bonds
due 2000

Lead Manager
Union Bank of Switzerland

April 1994
Tele Danmark A/S

Initial Public Offering
of 63 million
New Class B Shares
at DKK 310 each

European Lead Manager
UBS Limited

September 1994
UniChem PLC

Rights Issue
of 24,430,796
Ordinary Shares
at 245p each

Joint Underwriter and Broker
UBS Limited

kets wher ial strength matters,
in safe h th UBS.

June 1994
Pharmacia AB

US$500 million
Syndicated Revolving
Credit Facility

Joint Arranger
Union Bank of Switzerland

November 1994
SHV Energy Holdings UK Limited

£130 million
Term Loan Facility

Lead Manager
Union Bank of Switzerland

August 1994
Tesco PLC

£247 million acquisition
of
Wm Low & Company
PLC

Broker
UBS Limited

November 1994
Unilever NV

US$200 million
8% Bonds, due 1999

Joint Lead Manager
UBS Limited

June 1994
Philips Electronics NV

US$ 2.5 billion
Revolving Credit Facility

Senior Lead Manager
Union Bank of Switzerland

December 1994
Singapore Telecommunications International Limited

Purchase of StjärnTV
from City of Stockholm

Adviser
UBS Limited

September 1994
The Halifax Building Society

£250 million
8.75% Bonds, due 1997

Joint Lead Manager
UBS Limited

September 1994
Union Fenosa S.A.

US$100 million
Syndicated Term Loan

Co-Arranger and Agent
Union Bank of Switzerland

December 1994
Prospect I (HFC Bank)

£162.775 million
securitization issue

Lead Manager of £144.6 million
Senior Notes
Lead Manager and Sole Underwriter
of £18.175 million
Mezzanine Certificates
UBS Limited

October 1994
Stadshypotek AB

Offering of
Class A Shares
at SEK 92 each

Co-Lead Manager
UBS Limited

November 1994
THK, Co., Ltd.

SFr 100 million
2¼% Convertible Notes
due 1999

Lead Manager
Union Bank of Switzerland

June 1994
UPF Group plc

Flotation, Placing
of 17,878,864
Ordinary Shares
at 108p each

Adviser and Broker
UBS Limited

April 1994
P.T. Indofood Sukses Makmur

US$500 million
Exchangeable Bonds
due 1997

Lead Manager
UBS Limited

January 1994
Stora Kopparbergs Bergslags AB

US$102 million
Senior Notes

Placement Agent
UBS Securities Inc

September 1994
Thomson-Brandt International BV

FFr 1 billion
7.5% Bonds, due 1997

Joint Lead Manager
UBS France S.A.

March 1994
Vodafone

£33.3 million
vendor placing of
5,910,166
Ordinary Shares
at 564p each

Broker
UBS Limited

November 1994
Renault

International Offering
of 24,784,383
Ordinary Shares
at FFr 176 each

Joint Lead Manager
UBS France S.A.

June 1994
Südelektra Holdings AG

Rights Issue of
150,000 Bearer Shares
at SFr 1,000

Lead Manager
Union Bank of Switzerland

February 1994
TransAtlantic Holdings PLC

£250 million
5½% Convertible Bonds
due 2009

Lead Manager
UBS Limited

May 1994
Vymura PLC

Flotation
Placing of 16,046,468
Ordinary Shares
at 150p each

Sole Broker
UBS Limited

July 1994
Republic of Italy

US$4 billion
Global FRN, due 1999

Joint Lead Manager of
US$1.5 billion tranche
UBS Limited

August 1994
Sulzer AG

SFr 116 million
2% Convertible Bonds
due 1999

Lead Manager
Union Bank of Switzerland

February 1994
Tring International Group PLC

Flotation, Placing
of 21,186,440
Ordinary Shares
at 118p each

Adviser and Broker
UBS Limited

April 1994
Winterthur Finance Ltd.

SFr 300 million
2¼% Bonds
with Warrants, due 1999

Lead Manager
Union Bank of Switzerland

March 1994
ura International plc

US$250 million
364 day
olving Credit Facility

Joint Arranger
n Bank of Switzerland

September 1994
Nutreco

US$340 million
senior acquisition
debt and working
capital facilities for the
US$550 million
MBO from BP

Joint Arranger
Union Bank of Switzerland

May 1994
Oy Rettig Ab Myllykoski Oy (and other shareholders)

Sale of 26.9% of
Oy Partek Ab to Aker a.s.

Adviser
UBS Limited

June 1994
Republic of Portugal

DM 2.5 billion
Global FRN, due 1999

Joint Lead Manager
UBS Frankfurt AG

May 1994
Tate & Lyle PLC

£100 million
8% Bonds, due 1999

Joint Lead Manager
UBS Limited

UBS

All these transactions appear as a matter of record only.
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NEWS: UK

Maxwell creditors may soon receive up to 17%

By Jim Kelly
Accountancy Correspondent

Creditors of the failed Maxwell Communication Corporation may soon receive a first dividend payout as high as 17 per cent, says a report from the administrators published yesterday.

Price Waterhouse said it was applying immediately to the courts for leave to pay about 8,000 creditors a first dividend as substantial assets were now available following a series of court rulings.

Mr Alan Jamieson, for the administrators, said: "The announcement that we are close to making this distribution marks real progress in our efforts to deal with the pension claims and to release money to be paid to creditors."

Earlier this month attempts to secure a global settlement between banks and pension funds entangled in the collapsed Maxwell empire failed. A fresh round of talks is planned, aimed at reaching a less ambitious settlement.

Creditors have had to wait for a first dividend because pension funds related to the former business empire of Robert Maxwell have sought to recoup their losses by claiming that some of MCC's assets belong to them.

Progress to a first dividend has been possible because the administrators have been able to block most of these "proprietary" claims on the assets by pension fund trustees and managers.

Yesterday's report says that about $511m should be available for distribution within two months of a decision by the UK authorities that funds can be paid out. The eventual dividend is likely to be between 35 per cent and 43 per cent against claims of between $3.2bn and $3.5bn.

The first dividend of 17 per cent is an improvement on that estimated in the last report to creditors published in July last year which suggested 6 per cent. The final eventual dividend has narrowed slightly from between 33 per cent and 43 per cent. Not all the funds are being paid out because the administrators need to keep reserves in case of successful specific claims in the future. In total $233m has been set aside for the first dividend to meet claims.

A reserve of $41.5m has been made in connection with claims related to dealings in shares of Beecham Group, the drugs company, in 1986-87. A further sum of $48m is being held in reserve "in relation to a non-pension related proprietary claim alleging that MCC received the proceeds of disposal of assets belonging to a third party".

The level of eventual payments to creditors will be affected by court actions which have yet to conclude.

UK NEWS DIGEST

Labour sets out need for EU reform

The opposition Labour party yesterday put the rights of nation states at the heart of a wide-ranging reform programme for next year's European Union intergovernmental conference to review the implementation of the Maastricht treaty. Setting out the party's approach to the conference, Mr Robin Cook, shadow foreign secretary, ridiculed the Conservative cabinet's agreement to veto constitutional change as a desperate move to rebuild Conservative unity. He contrasted Labour's "positive" approach to the EU, with the government's determination "to torpedo the agenda of other nations because they have no agenda of their own for the future of Europe."

But in language akin to that used by Conservative Eurosceptics, Mr Cook ruled out a common EU foreign and security policy, and warned that Labour would not accept a single currency unless UK industry was able to compete.

"Europe must be a community of free member states. Labour rejects the concept of a European super state," he said. "The EU must be based on a sharing of national interests and not on the surrender of national identity." *Kevin Brown, Westminster*

Angry Names attack self-regulation system

LLOYD'S
LLOYD'S OF LONDON

The system of self-regulation at Lloyd's of London's was largely to blame for disastrous losses and its tight financial situation, a House of Commons' inquiry into regulation of the insurance market was told yesterday. Groups representing some of the worst-hit Lloyd's Names (individuals whose assets have traditionally supported the insurance market) urged the all-party Treasury committee to back a stronger, independent system of regulation despite reforms in the past few years.

Mr Christopher Stockwell, chairman of the hardline Lloyd's Names Associations' Working Party, said a "false market" had been created in the 1980s when 20,000 new Names had been recruited as part of a deliberate expansion plan. He said senior members of the market knew about problem from US asbestosis claims as early as 1982.

The so-called insurance "spiral" – by which underwriters covered others against excessive losses from catastrophes – led to profits for some senior figures but massive losses for outside Names. The principle had been that "the closer you are to the top of the building, the higher your rate of return," Mr Stockwell said. *Ralph Atkins, Insurance Correspondent*

Trade partnership with Cuba announced

Moves to strengthen trade and investment links between Britain and Cuba were announced yesterday in London. An agreement signed by Mr Ian Taylor, UK minister for trade and technology, and Mr Jose Luis Rodriguez, Cuba's minister for finance and prices, will protect existing and future British investment in Cuba.

The Department of Trade and Industry also announced the formation of a British partnership scheme for Cuba – with an initial budget of £150,000 ($228,000) a year – to help fund small projects and offer British consultancy advice. A 38-strong British trade mission will go to Cuba on February 5. *Michael Cassell*

Modernisation plan for Birmingham

SPP-LET, the Swedish-owned property group, is seeking support for a £180m ($286m) programme to modernise the Bull Ring, the 1960s shopping centre and cylindrical office building which many see as the undignified symbol of Birmingham city centre. Mr Graham Cole, the company's investment manager, said yesterday that an application for planning permission would be presented to Birmingham City Council within two weeks.

This will be the fourth attempt by the company, which owns the lease to the Bull Ring, to produce a scheme which satisfies not only the planning authorities, local civic groups and market traders but also potential financial supporters.

A rapid granting of planning permission would allow SPP-LET to start construction next year. Before then the company will seek a development partner.
Paul Cheeseright, Midlands Correspondent

Small manufacturers report exports boost

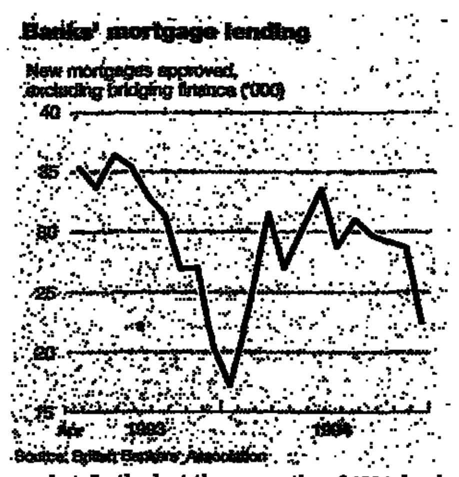
Manufacturing companies with up to 200 employees are recording the strongest increase in export orders for almost 10 years, a survey by the Confederation of British Industry and accountants Pannell Kerr Forster finds.

This rising trend in export orders is set to continue in the next four months, the monthly survey of small businesses forecasts. Growth in total orders and output in the last four months increased at the fastest rate since 1988, although the rate of increase is expected to slow slightly over the next four months.
Richard Gourlay

Homebuyers shun housing market

Thousands of prospective first-time homebuyers appear to have stayed away from the UK housing market in the last three months of 1994, according to figures on mortgage lending by banks released yesterday. The numbers show that in the final quarter of last year, mortgages approved for first-time buyers represented under 40 per cent of loans agreed: in the last three months of 1993, they had been half the total.

This sharp drop in first-time buyers comes as the housing market is already depressed, with signs of the fragile recovery last year having faded. Some of the fall is due to a loss of market share by the high street banks, but it also appears to show that many potential first-time buyers are not entering the housing



market. In the last three months of 1994, banks approved 80,300 new loans, of which just over 31,000 went to first-time buyers. The corresponding figures for the end of 1993 were 74,300 and just over 37,000. *Alison Smith*

BBC pop radio loses listeners

Radio 1, the BBC's ailing flagship pop music station, lost more than 3m listeners in 1994, according to latest radio audience research.

News of the decline in Radio 1's audience, which fell to an average of 11m weekly listeners in the final quarter of 1994 from 14.3m in the same period the previous year, comes on the eve of a £2m advertising campaign to relaunch the station. The commercial sector overtook the BBC in the third quarter of last year and kept its lead during the fourth quarter with an average weekly audience of 28m against 27.8m for the BBC. *Alice Rawsthorn*

Law school seeks private-sector funds

The Nottingham Law School, a department of Nottingham Trent University in the English Midlands, plans to become the first department of a British university to raise equity capital from the private sector. It is planning a share issue with 3i, the UK investment capital group.

The law school is already a limited company wholly owned by the university, which will limit the difficulties issuing shares. Its annual turnover is about £4m ($6.36m). The school's future plans include courses on trial advocacy. It has already signed agreements with the National Institute of Trial Advocacy in the US, and intends to expand further. *John Authers*

Machine tool exports rise by 11.5%

Exports of machine tools from the UK rose 11.5 per cent to £262.2m ($416.89m) in the first nine months of last year, helped by improved trading conditions in most EU countries.

Imports rose by only 2.1 per cent, to £247.8m, giving an overall trade surplus of £14.4m compared with a deficit of £7.6m in the first three quarters of 1993. The Machine Tool Technologies Association said the small rise in imports marked a sharp fall in machines coming from Japan, and to a lesser extent from Germany, due partly to currency factors. *Andrew Baxter*

Intimidation is alleged at factory

Car company sends warning to 'troublemakers'

By Robert Taylor, Employment Editor

Troublemakers are trying to wreck the performance of Peugeot Talbot's Ryton plant in the English Midlands, the French-owned vehicle group said yesterday.

A "small number of people" was "working against us," Mr J.C. Play, manufacturing director at Ryton, said in a letter to the company's 4,000 UK employees on the eve of a strike ballot over pay. An "extremely serious situation is developing" at the plant and production was falling behind, he added.

The company had been disappointed at the lack of response among workers to offers of weekend overtime. Moreover, employees who had been asked to work overtime had been subjected to "harassment and intimidation". He added: "We consider such behaviour to be gross misconduct and will take the appropriate disciplinary action."

"We acknowledge that tensions are running high at the moment, but we still believe the vast majority of our employees want the plant to be a success and would not willingly or knowingly do damage to our performance. We cannot allow the actions of a few to jeopardise our reputation and future success."

He said car assembly had fallen "badly behind the programmed level of 2,000 units a week; at the same time, cars coming off the production line are going into the off-track float at an alarming rate with the result that the float is heading towards 1,000 vehicles.

"This situation not only damages our reputation with the parent company but also involves our customers in our problems by extending the time they must wait for their cars," added Mr Play.

He said absenteeism was running at "unprecedented levels on some days, particularly in car assembly; this is unacceptable and we will have to take appropriate action against those involved."

Management concern is also growing over the outcome of the strike ballot that begins today. "We either make an agreement that represents the maximum offer we can make or face the prospect of drifting into a pointless strike in which the only winners will be our competitors", said the company's managing director Mr R.D. Parham in a further letter to employees.

The ballot, which begins today, is on an offer of a 3.5 per cent basic pay increase this year with an extra £2 ($3.17) a week for an estimated two-thirds of manual employees followed by a wage increase of 4 per cent or the inflation rate whichever is the greater. There are further shift and merit bonuses. The company says the offer will mean average rises of £693 this year for production workers on annual average salaries of £12,699.

Strength ebbs away from fragmented workforce

Andrew Bolger is wary of sharing the cautious optimism among unions that their decline will slow

An estimate by the Trades Union Congress that the total membership of unions affiliated to it fell by 6 per cent last year to less than 7m might be just another stage on British unionism's long path of decline.

However, Mr John Monks, TUC general secretary, is cautiously optimistic. He said recent signs of a move away from casualised work because of growing skill shortages in the economy could lead to a recovery in union membership.

The TUC has suffered a drop of more than 40 per cent in membership of unions affiliated to it from a post-1945 peak of 12m in 1979, the year in which the Conservatives led by Mrs Margaret Thatcher came to power.

Unions have since been the target of a steady flow of hostile legislation from successive Conservative administrations determined to shift the balance of power between employers and unions. Yet while unions have certainly suffered from a hostile political climate, the main reason for their decline has had much more to do with long-term changes in the British economy.

Unions were most strongly represented in the traditional industries – such as coalmining, shipbuilding and steel – which have shrunk fastest since 1979. Managers in areas of the economy that have grown – services, small businesses and newer industries such as computers – have few links with unions, and are often hostile to them.

The sharp rise in unemployment during the 80s fell heavily on factory workers: always a bastion of trade unionism. Unions have continued to suffer since then from the shake-out of employees that followed privatisation of British Telecommunications, electricity generators and water companies.

The recent strong recovery by the UK economy and the sharp fall in unemployment offers some respite to beleaguered unions. But it is not clear whether they will be able to buck the long-term trend of decline, which has persisted through recent economic cycles. The GMB general union, one of the UK's biggest, said its membership was rising slightly – mainly through recruitment of more part-time workers – a growing proportion of the workforce. However, the Transport and General Workers' Union, once the biggest in Britain, said: "We are still losing jobs in the core industries in which we are organised, but at a much slower rate than at the depth of the recession. We could not say we've reached a turning point, because we still face a hostile legislative environment."

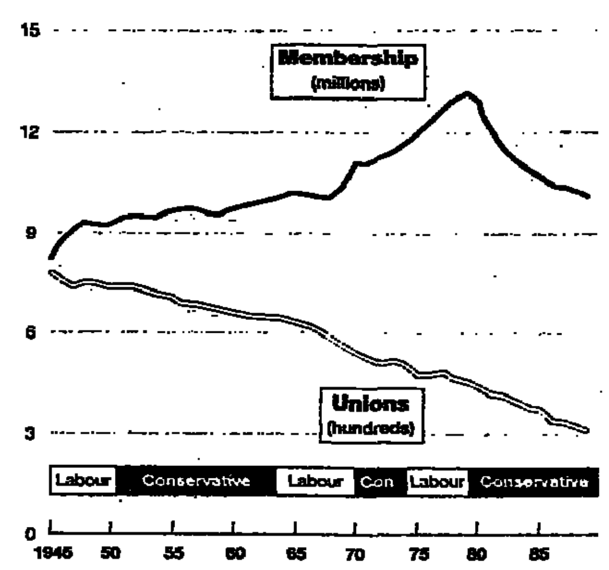
The TUC said it was difficult to envisage a general upturn in membership until there was a change in government policy. But union leaders would be wise not to expect too much from an incoming Labour government.

Labour fought the 1992 election committed to a significant reversal of Conservative legislation in this area. But Mr Tony Blair, who became leader of the party last year, has been careful to give very few specific pledges.

A more important test for the unions is whether they will be able to recruit and organise in the growing areas of the economy – such as contract workers, part-timers and teleworkers – which lie beyond their traditional spheres of influence. This priority was demonstrated last week at the launch of the Communication Workers Union, Britain's sixth-largest. It was formed by a merger of the Union of Communication Workers, representing Post Office employees, and the National Communications Union, whose members work for British Telecommunications. Leaders of the new union admitted they had been accustomed to working in a "fairly cosy" environment, where new employees of the Post Office and BT joined almost automatically. The CWU will put considerable resources into active recruitment – an area which was previously neglected.

Mr Tony Young, joint general secretary of the CWU, said: "We have to reach out to non-unionists such as couriers, teleworkers and employees of cable TV companies. These are the industries of the future."

Union power nosedives



Source: Government Labour Force Survey

The figures above cover all unions, including the minority outside the Trades Union Congress; the party names are those of governments in power

Mrs Virginia Bottomley, health secretary, yesterday challenged the opposition Labour party to show that the interest of the public and not trade union dogma was dictating its policies for the state health service.

She said the party's MPs who speak on health policy should renounce sponsorship by unions. Although doctors and surgeons belong to professional associations, the health service like other parts of the public sector remains an area of union strength, with strong membership among nurses, ambulance crews and ancillary staff.

"I believe it is important that the Labour party puts itself above any suspicion that its policies are dictated by the trade unions and formulated to meet their interests rather than the interests of the users of public services," said Mrs Bottomley. She was speaking on the eve of a House of Commons debate about health policy.

Honda to buy Rover diesel engines for Accords

Honda, the Japanese carmaker, is to buy a new range of diesel engines designed and developed by Rover Group, the UK carmaker taken over by BMW of Germany a year ago, John Griffiths writes. Rover, which was partnered by Honda until the takeover, is investing some £30m ($48m) in the engine range, which will go on sale in March in Rover's 600 series.

Production of the engine, one of the group's most significant engineering developments for several years, is planned to reach 100,000 units a year.

It will enable Rover to replace Peugeot diesels used in its 200/400 models and will be used to power versions of a new small four-wheel-drive leisure vehicle to be produced by the group's Land Rover subsidiary. It will also give Rover the chance to expand sales in European markets such as France where diesels account for 60 per cent of sales in the upper-medium saloon car section in which the 600 range competes.

Rover executives say the engine development represents a clear answer to critics who have suggested that the formerly state-owned group might no longer have the technological and engineering resources to develop sophisticated power units.

Honda is buying the diesel engines for its Accord models, which are built at its plant in western England. Rover versions of the Honds Civic, to be produced at Rover's Longbridge plant under licence, will replace Rover's current 200/400 models. Production of the new engine will help create 300 more jobs at the Land Rover engine plant at Solihull, near Birmingham.

By the end of this year the plant will have been expanded to become the sole source of diesel engines for Rover cars and Land Rover four-wheel-drive vehicles. Rover produced 320,000 engines last year.

Manager fined £20,000 for 'most serious' dishonesty

By Jim Kelly, Accountancy Correspondent

The operations manager in the London office of a German regional bank has been fined £20,000 ($31,700) after regulators uncovered a blatant catalogue of dishonesty which was "one of the most serious of its kind."

Mr Andrew Rooke, who was "unwilling to return" from a trip to Russia to face a tribunal according to the Securities and Futures Authority, was dismissed by Bayerische Landesbank Girozentrale in 1993. He had told his lawyers that BLG would pay him £1m. The bank had not made the payment and "had no reason to do so", said to the SFA.

The authority, which regulates investment markets, investigated and found that Mr Rooke had given false and misleading information in his application forms to the regulator and the bank.

He had claimed, without justification, to be a chartered accountant, to have seven school exam passes at A level, to have Italian professional qualifications and to have actuarial and taxation qualifications. The SFA added that he had failed to disclose that in 1987 he had been convicted of eight offences including obtaining property by deception, forgery and the use of false documents. A further eight offences had been taken into account.

An SFA tribunal decided that Mr Rooke "had concealed the recent conviction deliberately and was blatantly dishonest in misleading his employers and the SFA." He was given the exemplary fine of £20,000 plus £5,000 costs and was expelled from SFA registers. The police have been informed.

In a separate case Mr Peter West, an SFA-registered futures and options representative with US broker Bear Stearns International, was expelled from the SFA registers and required to pay costs of £24,160.

In 1993 the Securities and Investments Board acted against Mr West over the conduct of investment business without authorisation. The SFA also investigated and found that Bear Stearns knew nothing of Mr West's activities.

It found however that Mr West had conducted a "shadow business" from Bear Stearns, had arranged for potentially relevant documents to be destroyed, had obstructed the SFA investigators and had given false and misleading answers.

Opposition to mail monopoly is disclosed

By Andrew Adonis, Public Policy Editor

A clear majority of people would like to see greater competition in mail services although they oppose privatisation of the Post Office, says a survey commissioned by the Consumers' Association. The poll of consumer attitudes shows that 56 per cent of respondents favour breaking the Post Office monopoly over the delivery of letters stamped at less than £1 ($1.59), with 40 per cent against.

Mr Philip Cullum, policy research director at the Consumers' Association, said there was an "urgent need" to open postal services to greater competition in order to provide a better and cheaper service.

He claimed that daily letter deliveries, and other essential aspects of the mail industry such as rural services, could be guaranteed by a strong independent regulator. He dismissed arguments raised against competition as "fairly unsophisticated".

"It is not clear why the market for post should be expected to be incapable of coping with universal service when competition is permitted," Mr Cullum added.

He cited the recent record of British Telecommunications, a former state utility that was once part of the Post Office. Although BT faced strong competition, Mr Cullum said, it was still obliged to provide a nationwide service at regulated tariffs.

Private cash may help to fund next nuclear station

By David Green

Britain's next nuclear power station may be financed partly as a joint venture between two or more electricity generating companies. Nuclear Electric, the state-owned generator, wants private-sector partners to share the equity stake in a new project.

Efforts are being made to interest electricity generators from several countries in the venture.

Sizewell B on the east coast of England, Britain's first pressurised-water reactor nuclear power station, is due to start operating today after completing its seven-year construction within its £2.03bn ($3.16bn) budget.

However, the future for nuclear power in the UK is uncertain. The government review, which was due to be completed in November last year, and is now not likely to appear before March, will decide whether the nuclear industry should remain in public ownership.

If the review opens the way for further expansion, Nuclear Electric – which runs the nuclear power stations of England and Wales – will build either a Sizewell C, a twin-reactor pressurised-water reactor costing an estimated £3.5bn, or a single-reactor PWR next to an existing station at Hinkley Point on the west coast of England. That station would cost about £2bn.

The choice between the two will depend largely on the response to a financing package being drawn up by Nuclear Electric with N.M. Rothschild, the merchant bank. The government has already indicated that taxpayers' money will not be available for further nuclear power stations.

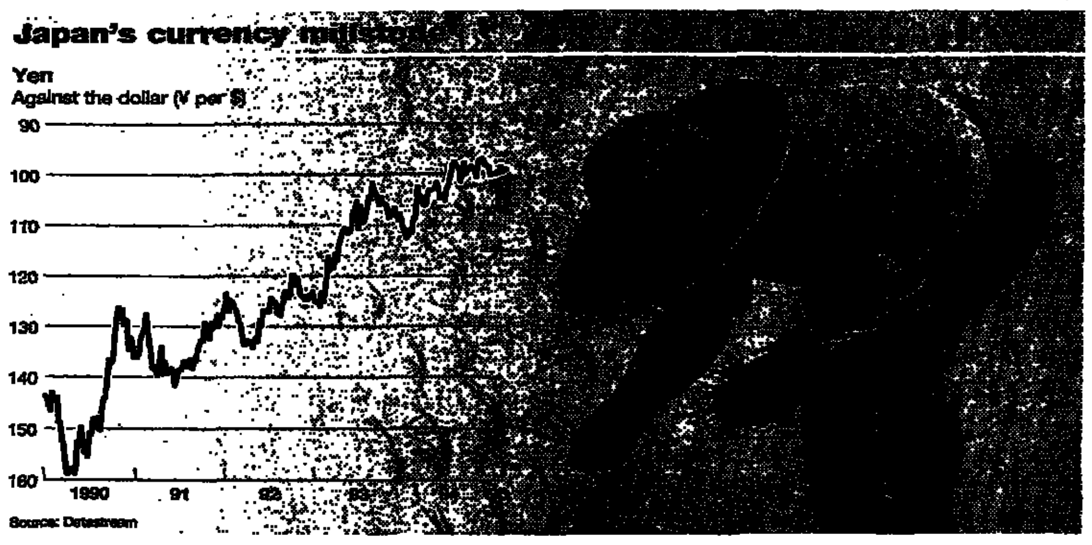
Mr Brian George, engineering director at Nuclear Electric, said yesterday that an equity share in a new nuclear plant could prove a good long-term strategic investment for other utilities.

The investment might give a modest return, based on today's market prices, but it would protect partner utilities against a "green shock" – the possible introduction of a carbon tax or other financial measures to curb air pollution from fossil fuels.

If the government review rules against nuclear power expansion, Nuclear Electric will consider investing in gas-fired generating plant.

International Combustion, the Derby-based unit of Rolls-Royce Industrial Power, has won two orders for a total of five boilers at UK combined-cycle power station developments, Andrew Baxter writes. RR would not put a value on the orders, but it is understood they are a worth about £50m ($79.5m) in total. They are for heat-recovery steam generators, which use waste heat from a gas turbine to create steam for a second turbine. Four of the HRSGs are for National Power's Didcot B station in southern England, and the fifth is for a power station at Kings Lynn to be operated by Anglian Power Generators.

MANAGEMENT



A textbook survival strategy

Despite a sharply rising yen, a Japanese engineering group is increasing its profits. **William Dawkins** reports

Japan's rice farmers are in trouble because of a long-term decline in sales and the government's recent decision to open their cosily protected market to cheap imports.

The same, one might think, should apply to all their suppliers. Not so. Satake, a family-controlled engineering business, based in the lush rice-growing hills around Hiroshima, is thriving as the world's largest maker of rice milling machines, with 90 per cent of the Japanese market and a slightly smaller share of the world business.

Undeterred by the yen's sharp rise, identified by the Organisation of Economic Co-operation and Development as the biggest threat to corporate Japan's recovery, Satake has held its market share steady for many years. It will increase pre-tax profits this year to Y4bn (£25.6m), from Y3bn in the 12 months to last March, on sales up from Y51bn to Y59bn, of which 15 per cent is overseas.

The textbook methods it has used show why many of Japan's fleet-footed, smaller companies are adjusting to the yen's rise and aftermath of recession better than more bureaucratic multinational brethren.

The secret of Satake's survival is its dogged pursuit of the simple strategy, dating back to the group's foundation in 1896, of keeping the barriers to entry in its business high. Satake does this by taking out 200 patents per year on its designs. Surprisingly, it is not all that costly, with research and development running at just 3 to 4 per cent of annual turnover. "It is the main reason why it is hard for others to come into our business," says Robert Satake, 70, company president.

Discretion is another way to fend off the competition, mostly from two smaller Japanese rice milling producers and Kubota, the Osaka-based farm machinery maker. To minimise the information Satake has to publicise, it is very unlikely the company will ever go for a stock market flotation, says the president.

Satake's penchant for staying private has a cost. The company is more dependent on bank loans than listed companies, with their access to cheap equity capital. However, Satake's near century-long profits-history gives it access to debt on fine terms, especially now when Japan's commercial banks, burdened by dud property loans, are falling over themselves to lend to good industrial risks.

It might also help that Robert Satake – who came into the dynasty through marriage – originates from a distinguished commercial banking and ministry of finance family. Many companies have found that a representative of Japan's powerful banking industry on the board does them no harm.

Also helped by years of patient trimming at engineering costs, Robert Satake claims Satake can still make a profit at Y80 to the dollar. He believes the Japanese currency will indeed hit that mark, a long way up from the current level, around Y100, at which many larger engineering companies are already struggling to make a profit.

The other part of Satake's survival strategy has been to stick close to its original customers, even though it knows that Japan's rice market, which represents 90 per cent of turnover, is shrinking due to changing diets, an ageing population and the inevitable rise in cheap imports. "Selling rice milling machinery in Japan does not have a very big future," admits Robert Satake.

Accordingly, the company has sought to enlarge this mature market by offering new products both upstream and downstream of rice milling. These now represent 10 per cent of turnover, likely to double in the next five years.

Upstream, new products include a harvest testing meter, released three years ago, which measures plant temperature to tell farmers precisely when to harvest to obtain the highest quality rice. It is designed to match the shrinking market's demands for lower yields at higher quality.

In response to the worst Japanese rice harvest in living memory two years ago, Satake has developed a soil monitor, to be launched in April. It measures plant nitrogen to advise farmers how much fertiliser to use.

Not all new products, however, have lived up to Robert Satake's hopes. An example is a rice taste analyser, which logs criteria such as carbohydrate, protein and oil content to give a quality score. The government's food agency has used the rice taster but has been officially non-committal, no doubt influenced by its boards of human rice tasters. They class consignments of rice into quality grades, on a government controlled price scale. They are understandably loath to sacrifice their skills to a microchip.

Downstream, Satake has ventured into food processing and packaging, as an experiment in the region around Hiroshima. While profitable, its instant meals are unlikely to become as large as its engineering diversifications.

Satake has made mistakes. It made what Robert Satake admits was a hastily judged diversification three years ago, the £4m purchase of a still unprofitable UK maker of flour milling machinery, its first foreign acquisition. Satake bought the company, now called Satake Robinson, mainly in response to an acquisition by Buhler, a Swiss flour milling machiner maker, of a rice milling producer. But Satake remains fully committed to its investment. Overcoming its initial reluctance to intervene in Robinson's management, the Japanese parent is now advising it on how to reduce engineering costs.

Satake is taking a more cautious tack in embarking on its latest foreign endeavour. It has formed a joint venture with a leading Japanese trading house to produce and mill rice in China, to exacting Japanese standards, for both the local and export markets. To support this venture – and incidentally reinforce the team which will succeed him when he retires – the president has head-hunted two senior executives from leading trading companies to join Satake.

He is right to be cautious. Robert Satake is staking his company's future prosperity on China. He expects it to be the main factor in a rise in overseas sales to more than half Satake's total turnover within a decade. The plight of Japan's rice farmers will then be an even smaller concern for his successors.

TECHNOLOGY

Christopher Brown-Humes reports on growing concern over the safety of mercury amalgams

A treatment filled with controversy

When Gerd Nordlund, a Swedish teacher, suffered acute pains in her legs and left arm four years ago, the last thing she blamed initially was her mercury amalgam fillings.

But after several treatments failed, she underwent tests which revealed higher than normal levels of mercury in her body. She decided to have all her amalgams removed. Now, she says, she is well again.

Such experiences have helped to stir a debate about whether mercury amalgams are safe. In the UK, interest in the topic intensified last year after a controversial TV programme highlighted alleged links between amalgam and illnesses ranging from minor allergies to Alzheimer's disease. The controversy has unsettled the dental establishment although it remains convinced that amalgam is safe.

An amalgam is a combination of mercury, silver and other metals which forms a soft paste-like mixture that can easily be worked into a dental cavity. It has been the standard dental material in western countries for the past century.

Worries about its safety have increased in the past few years since it has become clear that mercury does not simply lie inert in the tooth: it leaks out of fillings in the form of vapour.

Both sides in the argument agree that mercury is a poison, that it escapes from teeth through contact with hot substances and the act of chewing, and that it lodges in tissues and various organs of the body. Where they differ is over the quantities that are released and whether small amounts of mercury in the body cause harm.

"The evidence is just not there that it's doing people harm," says Diana Scarrott, head of scientific services at the British Dental Association.

She says that people acquire greater quantities of mercury from the environment and by eating fish than through leakage from their teeth.

Ulf Lindh, a director of the Centre for Metal Biology at Uppsala University, north of Stockholm, disputes this view. He believes mercury interferes with the efficiency of the body's immune and central nervous systems, increasing its vulnerability to illness and disease.

Acute fatigue, headaches, concentration difficulties and muscle ache are among the common symptoms which have been linked to mercury fillings, although some research has also linked mercury with multiple sclerosis, Alzheimer's disease and sight impairment.

Lindh estimates that around 6 per cent of the population is sensitive to chronic low-dose mercury exposure in contrast to the dental establishment which says there are only health risks for a tiny fraction of people who are allergic to mercury.

It has become clear that mercury does not lie inert in the tooth: it leaks out of fillings

Indeed, national dental associations worldwide are anxious to continue with amalgam on the grounds that there is no conclusive published evidence which justifies phasing the substance out. Even in Sweden, which proposes to ban amalgam fillings in children under 19 from this July and which will ban all amalgam fillings from 1997, the stress is on environmental protection rather than health. Amalgam opponents argue that it is ridiculous to continue to put a substance that is deemed "unsafe" for the environment into people's mouths.

"If it's dangerous for the environment, it's dangerous for humans," says Lindh. He says that tests on sheep and monkeys have conclusively shown the health risks of mercury fillings, and argues it is best to err on the side of caution, by banning amalgams, while further tests on humans are carried out.

The counter argument is that there are millions of people with amalgam-filled teeth who have lived to an old age without any visible negative side-effects. The British Dental Association also claims there is no above-average incidence of disease or premature death among dentists or dental staff, who are handling, albeit with extreme care, mercury all the time.

The advantage of amalgam is that it is cheap, easy to work with, and durable. There are alternative materials such as white composites, gold, porcelain and titanium, but they are either more expensive or more time consuming to install.

White composites, for example, a plastics-based material, can take three times as long as amalgam to install because it has to be hardened carefully. And it is less durable than amalgam.

Amalgam use is falling, partly because people are asking for amalgams to be removed, both for aesthetic and health reasons. In Sweden as many as 8 per cent of the adult population are already believed to have had their amalgams taken out and replaced. Some European countries are recommending that amalgam fillings are not used on patients with kidney problems and pregnant women.

Amalgam use is also dropping because increased fluoride use and better dental care has meant that children today require far fewer fillings than 20 years ago.

However, the key to a complete reappraisal of the substance looks likely to be the discovery of a material which is just as cheap and durable as amalgam. Efforts to develop such a substance have intensified since the safety of amalgam began to be questioned.

A US group, for example, is working on a tin/silver mixture, while a Swedish group has made progress with a material which is bio-compatible with the calcium phosphate in normal teeth.

Scarrott believes UK dentists would take to a material that works as well as amalgam "like a shot". After all, she says, "mercury is a nasty, poisonous substance".

BUSINESSES FOR SALE

STATE PROPERTY AGENCY

INVITATION TO TENDER

The State Property Agency is selling the state owned shares of the Northern Trans-Danubian Brick Industrial Co., formed from the Northern Trans-Danubian Brick and Tile Enterprise in a one-round open tender.

We beg to inform those who are interested that the registered capital of the Northern Trans-Danubian Brick Industrial Co. is 840.700.000 HUF, 100% of which will be sold. The tender is for the share packet of the value of 756.630.000 HUF, that represents 90%.

The Announcer guarantees the preferential purchase of the shares with the nominal value of 84.070.000 HUF for the employees.

Offers for up to 40% of the sales price of the share packet should be made only in cash. Offers for further 20% of the sales price should be made in compensation vouchers, (it is not obligatory for foreign investors), the rest of the sales price, but not more than 40% may be appropriated for the payment of state debt, so - in case of cash payment - E-credit may be obtained for it.

The tenders should be submitted to the given address in 5 copies, in a closed envelope, without naming the sender, and indicating the original copy.

The tenderer must undertake to maintain its offer for 90 days.

The deadline for submitting the tender: by 12-14.00 hours on the 5th April, 1995.

The address where the tenders should be submitted:

State Property Agency

1133 Budapest,

Pozsonyi-út 56. 8th floor, Room No: 804.

The tenders should be submitted on the spot in person, or by an authorised representative.

The State Property Agency reserves its right to declare the tender void.

Term of submitting the tender is the purchase of the detailed material of the invitation to tender containing also the detailed description of the announcement for 15.000 HUF + VAT in exchange of a statement on secrecy at the following address: **SPA Information Office, 1133 Budapest, Pozsonyi-út 56. ground floor.**

For further information please contact
Dr. Miklós Németh, senior counsellor,
SPA Industry Privatisation Management I.
Tel.: (+36-1) 269-8600/1285.

HUNGARY ● PRIVATISATION GOES ON

REPUBLIC OF POLAND
MINISTER OF PRIVATIZATION

Invites Tender Offers

Concerning Purchase of Shares in Share Capital of the Kalisz Concentrated Food Works "WINIARY" Joint-Stock Company

The Minister of Privatization, acting on behalf of the State Treasury of the Republic of Poland, in accordance with Art. 23 of the Law on Privatization of State - Owned Enterprises of July 13, 1990 (Dz.U. nr 51/90 item 298 with further amendments) invites tender offers of potential investors interested in purchasing shares constituting at least 10% of share capital of 'WINIARY" Joint Stock Company.

According to Art. 24 point 1 of the Law on Privatization of State - Owned Enterprises a stake of up to 20% of shares in share capital of "WINIARY" S.A. will be offered to the Company employees.

According to Art. 24 point 7 of the Law of Privatization of State - Owned Enterprises a stake of up to 20% of shares in share capital of "WINIARY" S.A. will be offered to agricultural producers linked with the Company by long-term contracts or cooperation agreements.

According to the Resolution of the Council of Ministers. no. 86 of October 4, 1993, a stake of 5% of shares in share capital will be retained by the State Treasury as the State Treasury Property for reprivatization purposes.

The Kalisz Concentrated Food Works "WINIARY" Joint Stock Company with the seat in Kalisz, Poland is the leading Polish manufacturer of concentrated food, particularly powder soups, fruit jellies and desserts, seasonings, powder creams, mayonnaise and salad dressings, baby and infant food, pastas.

Any requests and response of potential investors being interested in proceeding with this offer should be directed till February 10, 1995, 4:00 pm to the Polish Institute of Management, Ltd. (PIM) acting on behalf of the Minister of Privatization in this project.

Address: **Polish Institute of Management, Ltd. (PIM)**
02-691 Warsaw, St. Obrzezna 7
phone (48 22) 47 51 73; (48 22) 47 55 61 ext. 434-436; fax (48 22) 47 50 53
e mail: pimpl@maloka.waw.pl

Transaction manager: Ms Jagoda Szonert.

Information on the Company profile will be distributed to potential investors after signing up the appropriate "Letter of Confidentiality".

The Minister of Privatization reserves the right to extend the period allocated to offer submission, reject submitted offers or not to undertake negotiations without explanation.

Latham Crossley & Davis

M J C Oldham & P S Dunn
Joint Administrators

re: Mottik International Ltd.

Mottik

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- Good Toy Guide – Gold – 1993.
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- Patents, patent applications and trade mark registrations in major market areas.
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For further information contact Michael Oldham or Emma Rye

Latham Crossley & Davis
7 Kenrick Place, London W1H 3FF
Tel: 0171 935 5566 Fax: 0171 935 3512

English Plastics Ltd

(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of English Plastics Ltd The company specialises in the manufacture of plastic injection mouldings -

- *Freehold Premises*
- *Manufacturing Plant*
- *Turnover of approx. £5 million p.a.*

The company ceased mainstream trading operations on 23rd January 1995.

For further information contact Mr Graham Ord of Ernst & Young, P.O. Box No 1 3 Colmore Row, Birmingham B3 2DB.

Telephone: (0121) 626 6262 Facsimile: (0121) 626 6405.

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Fax Fanshawe Lofts, UK for details
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The Joint Administrative Receivers Peter Copp and Geoffrey Kinlan offer for sale the business and assets of the above companies involved in the moulding and manufacture of plastics.

- Freehold and leasehold premises in Soham, Cambs
- Manufacturing capacity of 5,000 tonnes per annum on three extrusion machines
- Product lines used in the motor trade and civil engineering industries
- Established customer base and order book
- The opportunity to exploit new product lines
- Skilled workforce
- 1993 turnover £1 4m. 9 months to September 1994 £.9m

For further information please contact Peter Copp or Geoffrey Kinlan, (ref: 7/PRC/CI)
Tel: 0171-486 5888 Fax: 0171-935 3944.

BDO BDO Stoy Hayward
Corporate Recovery and Insolvency

FS 22857

8 Baker Street, London W1M 1DA

For Sale: Industrial Property and Equipment

FLS AEROSPACE

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All enquiries to:

Mr W.A.T. Burgess
Managing Director
FLS Aerospace (Light Aircraft) Limited
Bournemouth International Airport
Christchurch, Dorset, BH23 6NW, England
Tel: 01202 500200 Fax: 01202 593271

Stephen Mark Quinn FCA and Alan John Sutton FCA Joint Receivers offer for sale as a going concern the business and assets of

CLUMBER ROAD GARAGE

in Poynton, Cheshire. Principal features are:

- Freehold site, 0.7 acres
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Further details available from Stephen Quinn or Matthew Beckley at Baker Tilly, Brazennose House, Lincoln Square, Manchester M2 5BL. Tel: 0161 834 5777. Fax: 0161 835 3242.

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For further details please apply to Box B3834, Financial Times, One Southwark Bridge, London SE1 9HL

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Price £400,000

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7A Church Street, Southwell,
Notts, NG25 OHQ

Agency of the
REPUBLIC OF MACEDONIA
for Transformation of Enterprises *with Social Capital*

Announces the public sale of tobacco enterprises

The rules of sale will be provided to prospective strategic investors upon request and offers for the companies must be received by the Agency by March 15, 1995.

Interested investors please contact the financial advisors of the Agency:

BARENTS GROUP LLC

Anton Simunovic
2001 M Street, N.W., Washington, D.C. 20036, U.S.A.
Telephone: (202) 331-4566. FAX: (202) 728-0546

Makedonija Tabak
Tutunski Kombinat Skopje
Tutunski Kombinat Kumanovo
Tutunski Kombinat Prilep

BUSINESS OPPORTUNITY

The Joint Administrative Receivers, R M Withinshaw and G F Hilton offer for sale, as a going concern, the business and assets of commercial and colour printers, Richmond Press Limited.

- Current order book.
- Turnover £750,000 per annum.
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- Skilled workforce.

For further information please contact Michael Hall at:- Kidsons Impey, Devonshire House, 36, George Street, Manchester, M1 4HA.
Tel: 0161 236 7733. Fax: 0161 236 7020.

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Businesses For Sale

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To complement existing electronic security system (installation and maintenance), P.C.B. manufacture and sheet metal fabrication activities we wish to acquire businesses concerned in electronic manufacture/assembly and design
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Please contact: Chief Executive
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Detection House
4 Vaughan Way
Leicester LE1 4ST (Tel: 0533 654213)

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CONTRACTS & TENDERS

GOVERNMENT OF THE STATE OF CEARÁ
SECRETARIAT FOR URBAN DEVELOPMENT AND THE ENVIRONMENT (SDU)
CENTRAL COMMITTEE FOR PROCUREMENT
CALL FOR TENDERS
INTERNATIONAL COMPETITIVE BID FOR TENDERS Nº 02/95

The Central Committee for Procurement, acting on behalf of the Ceará State Secretariat for Urban Development and the Environment, invites companies domiciled in Brazil or in any other member country of the Inter-American Development Bank (IDB) to participate in the International Competitive Bid for Tenders Nº 02/95, whose purpose is to contract public works and services under the Basic Infrastructure Program for Public Health in the city of Fortaleza, Ceará, Brazil.

The project to be tendered for is:

	PROJECT	TERM
01	Deactivation of Jangurussu Landfill	270 days

Funding for the execution of the public works project described in this notice will be provided by the Basic Infrastructure Program for Public Health in the city of Fortaleza, with partial financing negotiated by the Ceará State Government with the Inter-American Development Bank (IDB). Contracts are to be in full accordance with the financing agreements Nºs. 895/0C-BR and 892/SF-BR signed with the IDB on Dec. 9, 1992. Prequalification documents and price proposals are to be delivered on May 4, 1995, at 4:00 p.m., at Rua Silva Paulet Nº 324, Aldeota, Fortaleza, Ceará, Brazil, in two sealed envelopes containing: (Envelope A) Prequalification Documents and (Envelope B) Price Proposal.

The full statement of the terms governing the call for tenders, for which there will be a charge of R$ 50 (fifty reais), is available from the Secretariat for Urban Development and the Environment, located at the Governor Virgílio Távora Administrative Center, Cambeba, Fortaleza, Ceará, Brazil, in the period from Jan. 31, 1995 to May 3, 1995.

Fortaleza, Jan. 31, 1995
THE COMMITTEE

FOR SALE

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Write to Box B3828, Financial Times, One Southwark Bridge, London SE1 9HL

SMALL PACKAGING COMPANY FOR SALE

Expanded polystyrene moulding company. Primarily involved in food industry packaging. t/O £1.5m. Location Devon. Quick decision required.

Principals only write to Box B3823, Financial Times, One Southwark Bridge, London SE1 9HL

EAST MIDLANDS Long established high quality ladies fashion. Bridal retail business for sale due to impending retirement. T/O £300,000. Good Position close to City centre. Property available for lease or sale if required. Write to Box B3822, Financial Times, One Southwark Bridge, London SE1 9HL

AGENCY FOR SALE Tamek baby chair harness agency for UK for sale. Would also consider overseas as well. Contact Victor Green on 0181 446 8211

TRAILER BODY BUILDING & REFURBISHMENT BUSINESS
Midlands

Specialist, well respected and equipped commercial vehicle body building and refurbishment business for sale as part of a Group rationalisation programme. Current turnover c£2m. No Bank borrowings.

For further information please write to:
Box B3826, Financial Times, One Southwark Bridge, London SE1 9HL

BUDGET HOTEL - HYDE PARK

Budget hotel, close to Marble Arch and Hyde Park.
42 bedrooms, most with en suite private facilities.
High occupancy levels achieved all year round.
Currently yields income of circa £200,000 per annum.
Best offers over £1,300,000 considered.
Telephone Ms. Carroll on 071-454 5093 for appointment

AIRCRAFT FOR SALE

AIRCRAFT FOKKER F.28 MARCHE I-TIAP and SPARE PARTS for above aircraft

Starting price: Lit. 500,000,000. Offers, in sealed envelopes, must contain a bid bond guaranteed by a banker's draft made out to the liquidators for the amount of 20% of the starting price, and must be received not later than 14 February 1995 at 7.00 pm at the address of the notary: Pietro Mazza - Via Dalmazia, 29 - 00198 ROME - Italy. Tel: +39-6-8411956.

Further information may be requested from the lawyers/liquidators:
Avv. Carlo Pietrolucci tel: +39-6-3242838
Avv. Attilio Pacifico tel: +39-6-37517170

CONTRACTS & TENDERS

TENDER FOR FINANCE OFFICE PAYMENTS SERVICES

The Employment Service would like to receive expressions of interest from any organisation which might wish to be invited to tender for providing finance office payment services to the Employment Service.

As part of its market testing programme, the Employment Service is seeking to award a contract for a range of types of claim for payment which need to be processed within specified timescales and levels of accuracy. Claims and/or invoices will be received by the contractor either from the ES or direct from Payees for logging, checking and clearing so that cleared claims reach ES for payment through the Financial Accounting Systems (FACS).

FACS uses Dun and Bradstreet Millennium software: Accounts Payable (AP), Purchase Order (PO) and General Ledger (GL), tailored to meet the needs of ES. It runs on an ICL mainframe situated in Runcorn. *The service provided by a contractor must be compatible with FACS in order to support the matching of invoices* or other claims for payment against purchase orders/goods received notes or other forms of authorisation. The contractor must provide all necessary information to enable payments to be made to ES. Tenderers will be invited to propose the most effective way of meeting this requirement in response to the Invitation to Tender. **A demonstration of the FACS systems will be provided for prospective suppliers and will take place in Sheffield on 17 February 1995. Tenderers who wish to attend the demonstration should contact the person named below for further details.**

The service is currently provided by ES Finance Offices at three sites: Birmingham, Cardiff and Edinburgh. In 1993/94 some 650,000 claims for payment were transacted in 8 main categories. The sites cover the whole of England, Scotland and Wales and serve the ES network of 9 Regions and a network of over 1200 Jobcentres and other offices. Purchasing units in each Region form an integral part of FACS operations through Purchase Order. Tenderers may propose to use premises and equipment at any or all of the three existing sites (Birmingham, Cardiff and Edinburgh), but will not be required to do so.

As well as cost, key factors in the decision to award the contract would be the economically most advantageous tender to the ES, taking into account technical capability, response to requirements and proposals for delivering the service, and quality systems.

The ES wishes to enter into a 3 year agreement (with a possibility of a further extension of 2 years), which will be reviewed annually, and which is planned to commence in April 1996.

Organisations expressing interest should supply the following information:

Please provide the following information, ensuring that it is presented in accordance with the sequence and structure shown:

- The name of your company and the date the company was formed or incorporated:
- Are any directors, partners, company secretaries or any other person with a financial or management interest related to an employee of the Employment Department Group? If so, provide details;
- *Initial proposals about location(s), from which you would deliver the service.*
- Details of your organisation's practical experience over the last 3 years in providing similar types of services of similar size and relevant reference sites (both private and/or public sector), with particular reference to handling claims for payment and network size/volume of transactions.
- Number of Management and Supervisory staff in the service area, their length of service (months), and your policy on the level of experience and skills needed by such staf in the service area;
- A copy of your organisation's Health & Safety policy;
- Details of your organisation's Equal Opportunities policy – if you have a written statement, please enclose a copy;
- Details of your organisation's staff training and development strategy;
- *Details of the Quality Standard your company works to;*
- Written authority on your headed notepaper for the Employment Service to seek references,
- The following financial information (all figures quoted in £ sterling):
  - a copy of the tendering organisation's last two financial years approved financial statements, or balance sheets if not required to keep audited accounts by the law of the country in which they are established, or other documentation as appropriate if the publication of balance sheets is not required by the law of the country in which they are established;
  - where the tendering organisation is part of a group:
  - *details of the group structure;
  - *financial statements for the ultimate holding company in line with details identified above;
  - a statement signed by a director or partner that no legal proceedings are in progress that might affect the performance of contract obligations and that the prospective tenderer's organisation has not been prosecuted under EC or the organisation's national law in the last three years;
  - where the organisation is new, and has no past trading record or insufficient financial statements to cover the last two financial years, then, management accounts (to date), and a minimum of a three year business plan is required.

This information will form the basis for the selection of a shortlist of companies invited to tender. Please do not include publicity and marketing material.

Service providers must submit a single tender for the Finance Office Payments Service.

A draft copy of the Statement of Service Requirement (Specification) may be issued to shortlisted suppliers for information and comment before issue of the Invitation to Tender. Shortlisted suppliers may also be required to undertake presentations.

Applications in writing only should be sent to the address below to be received no later than noon 27 February 1995; quoting reference 026. *Correspondence which does not meet these deadlines will not be considered.*

Bill Williams
Market Testing Unit, Employment Service,
Level 2, Mayfield Court, Sheffield S1 4ER.

EMPLOYMENT SERVICE

INTERNATIONAL PEOPLE

Swissair's finance officer

■ Georges P. Schorderet, 41, joins Swissair as chief financial officer designate at the end of March. Schorderet, who has worked for Alusuisse-Lonza Holding for 26 years, will succeed Peter Nydegger, 62, as the airline's executive vice-president finance and development on January 1 1996. He joins Swissair in September.

■ Sergio Marchionne, 42, succeeds Schorderet as chief financial officer of Alusuisse-Lonza Holding. Marchionne was head of finance at Lawson Mardon in Toronto before its acquisition by the A-L Group. Since then he has been head of corporate development.

■ Kenneth I. Chenault, 43, vice-chairman of American Express. Chenault will continue to oversee the group's domestic card and travel business but takes on responsibility for brand management and advertising across the company. He will be the fourth member of Harvey Golub's chief executive's office.

■ Michel de Rosen to be chief executive of Rhone-Poulenc Rorer from April 25. De Rosen, a former chief executive of Rhone-Poulenc's fibres and polymers sector, has been president and chief operating officer of RPR since September 1993. Robert Cawthorn, RPR's current chief executive, remains chairman. John Sedor, president of Armour Pharmaceuticals, RPR's plasma protein company, has been promoted to executive vice president of RPR, adding responsibility for human resources and business development. Tim Rothwell joins from Sandoz Pharmaceuticals Corporation as an executive vice-president of RPR and president, pharmaceuticals operations.

■ Gérard Menjon, 46, director of research at Electricité de France. Menjon, deputy director of marketing development, replaces Paul Caseau who has been promoted to inspector general on the EDF board.

■ Wm J. Neuger is leaving Bankers Trust Company to be chief investment officer of American International Group (AIG). In his newly created role, Neuger will oversee AIG's worldwide investment portfolios and report to Edward E. Matthews, AIG vice chairman, finance.

■ Frederick W. Gluck, former chief executive of management consultants McKinsey & Co, an executive vice-president and member of the board of Bechtel Group. Gluck will take responsibility initially for Bechtel's global finance operations, Asia-Pacific regional activities, and its new strategic alliance function.

■ Thierry Desmarest, 49, senior executive vice-president of Total, president of Total's upstream activities. He will oversee all exploration and production, trading and shipping activities. Daniel Valot, 50, chairman and chief executive of Total Petroleum North America (TOPNA) will succeed Desmarest on July 1 as president of Total Exploration and Production. J.P. Vettler, president of Total Refining and Marketing, will be chairman of TOPNA and a chief executive will be appointed at a later date.

■ Brian Wilson, 49, director of strategic development AIB Group, parent of Ireland's biggest bank, joins the World Bank in mid-summer as a senior adviser. He will direct the World Bank's privatisation initiative for banks in developing countries.

■ Dominique Auburtin, 43, a non-executive director of Arjo Wiggins Appleton. Auburtin, a non-executive director of Saint Louis, the French sugar and paper company, replaces Saint Louis chairman Bernard Dumon killed in an air crash on January 20.

■ Mitchell E. Blaser, formerly chief planning and technology officer at insurance brokers Marsh & McLennan, Incorporated, chief financial officer. Howard C. Green, deputy chairman of C.T. Bowring (Insurance) and formerly director of global broking, head of operations processes and information technology.

■ Malcolm Macdonald, treasurer of the Ford Motor Company.

International appointments

We hope to create in these columns a comprehensive listing of senior appointments in international companies. Please fax announcements of new appointments and retirements to +44 171 873 3926, marked for International People. Set fax to 'fine'.

Ruling on copyright work

EUROPEAN COURT

The European Court of First Instance, last week partially annulled a European Commission decision which rejected a complaint relating to alleged anti-competitive practices by the French copyright society.

The applicant, which represented a number of discotheque operators, originally lodged a complaint with the Commission in February 1986. It alleged copyright societies in different member states shared the market among themselves by concluding reciprocal representation contracts under which the individual national societies were prohibited from dealing directly with users set up in other member states.

It also alleged the royalties charged by the French copyright society, Sacem, were excessive and that Sacem refused use of its foreign repertoire on its own, forcing users to acquire its entire French and foreign repertoire.

The Commission investigated, but the investigation was suspended after requests for preliminary rulings from French courts on related issues.

The European Court of Justice ruled article 85 of the Rome treaty prohibited concerted practice by national copyright societies by which each society refused to grant direct access to users in other member states. It also said article 86 of the treaty would be infringed if a national copyright society with a dominant position in a big part of the common market charged royalties which were appreciably higher than those charged in other member states, without objective justification for such differences.

After the ruling, the Commission resumed its investigation, focusing on the royalty rates in member states.

In a report based on this investigation the Commission found royalty rates in France and Italy were much higher than in other countries and that reasons given by Sacem to justify such rates were not entirely convincing.

Some six weeks after the report, the applicant formally asked the Commission to define its position and a month later, in January 1992, the Commission said it would reject the applicant's complaint. A copy of the report was enclosed with the letter.

The Commission stated there was no basis for concluding the conditions for the application of article 86 were fulfilled and there was no Community interest in the complaint as the practices alleged were essentially national.

The Commission formally rejected the complaint in October 1993 and the applicant then asked the CFI to annul it.

The applicant argued, first, that the decision was not supported by an adequate statement of the reasons for it; second, that the Commission failed to make a determination on Sacem's pricing practices; and third, that the decision was vitiated by an error of law and a clear error of appraisal.

On the first point, the Court found the complaint had contained three allegations, the first relating to practices covered by article 85 and the other two relating to article 86.

The Commission decision rejected the complaint in its entirety without making a distinction between articles 85 and 86. The applicant submitted the Commission did not sufficiently state its reasons for rejecting the complaint insofar as it concerned the partitioning of the market resulting from the restrictive agreement between the various copyright societies in breach of article 85.

The CFI found that, although the decision mentioned the alleged restrictive agreement, it did not contain any reasons on why the applicant's complaint alleging partitioning of the market was rejected.

For this reason, it annulled the Commission's decision, insofar as it rejected the applicant's allegation that the market had been partitioned in breach of article 85. On the second point, the Court said under EC law the applicant was not entitled, as a right, to such a decision from the Commission.

The Court said the submissions on error of law and manifest error of appraisal were not justified on the evidence.

T-114/92: B.E.M.I.M v Commission, CFI 2CH, January 24, 1995.

BRICK COURT CHAMBERS, BRUSSELS

The Republic of Uganda

MINISTRY OF LOCAL GOVERNMENT
RURAL FEEDER ROADS MAINTENANCE PROJECT
(ADF LOAN F/UGA/ROD/92/30)
INVITATION TO TENDER FOR ROAD PLANT, VEHICLES AND EQUIPMENT

1. The Government of Uganda has been granted a loan from The African Development Fund (ADF) in various currencies towards the cost of the Rural Feeder Roads Maintenance Programme and it is intended that part of the proceeds of this Loan will be applied to eligible payments under the Contracts issued from the present invitation for Bids.

2. The Ministry of Local Government now invites sealed bids from eligible bidders for the supply of road maintenance plant, vehicles and equipment comprising, agricultural type tractors with trailers and accessory blade fittings, four wheel drive pickups, all terrain motorcycles, bicycles, assorted mechanical workshop equipment, pedestrian controlled vibrating rollers, hand tools and outboard motors in Lots as follows:

Lots	Item	Approximate Quantity	Description
Lot A	A01:00	27	Agricultural Tractors & Spares for Agricultural Tractors
	A02:00	1	Agricultural Tractor-Heavy & Spares for Agricultural Tractor-Heavy
	A03:00	42	Towed Scraper Blades & Spares for Towed Scraper Blades
	A04:00	24	Tractor Pusher Blades & Spares for Tractor Pusher Blades
	A05:00	56	Trailers & Spares for Trailers
Lot B	B01:00	24	Vibratory Roller (Light) & Spares for Vibratory Roller
Lot C	C01:00	704	Bicycles & Spares for Bicycles
Lot D	D01:00	159	Motor Cycles & Spares for Motor Cycles
Lot E	E01:00	10	Supervision Vehicles & Spares for Supervision Vehicles
Lot F	F01:00	22	Pick-ups & Spares for Pick-ups
Lot G	G01:00	2	Outboard Motors & Spares for Outboard Motors
Lot H	H01:00	16	Arc Welding Set & Spares for Arc Welding Set
Lot I	I01:00	16	Air Compressor & Spares for Air Compressor
Lot J	J01:00	16	Generating Set & Spares for Generating Set
Lot K	K01:00	39700	Hand Implements for Road Maintenance (Assorted)
Lot L	L01:00	400	Workshop Tool Items (Assorted)

Bidders are required to bid for all items in each lot for which a bid is made. Bidders are free to bid for one or more lots.

3. Only Suppliers from member countries of the African Development Bank (ADB) and participant States of the African Development Fund (ADF) are eligible to bid. All goods and ancillary services to be supplied must have their origin from member countries of the ADB or participant states of the ADF.

4. Interested eligible Bidders may obtain further information from and inspect the bidding documents at the office of the Programme Co-ordinator, in the Ministry of Local Goverament, PO Box 7037 Kampala, Uganda House, 5th Floor Telephone ' 256 (0) 41 241135 Telefax +256(0)41 257692

5. A complete set of bidding documents may be obtained by any interested eligible Bidder on the submission of a written application to the above address and upon payment of a non-refundable fee of US$ 100 or its equivalent in Uganda shillings. An additional amount of US$ 50 or its equivalent will be payable if delivery of the bidding document is required by courier service.

6. All bids must be accompanied by a security of 2% of the bid amount in a freely convertible currency in a form specified in Clause 16 of the instructions to Bidders in the bidding documents and must be delivered to the above office on or before 10.00 a.m. local time on the 20th April 1995.

7. Bids will be opened in the presence of the Bidders representatives who choose to attend at one minute past Noon on the 20th April 1995 at the offices of The Central Tender Board, Ministry of Finance and Economic Planning, Nkrumah Road, Kampala.

BUSINESSES FOR SALE

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MAJOR BUSINESS OPPORTUNITY FOR HOSPITAL STERILISATION AND DISINFECTION SERVICES

Deadline: Thursday 9 February

A number of NHS hospitals in Greater Manchester who provide a full range of hospital and community medical services to a large proportion of the population in Greater Manchester are proposing to put their requirements for the above services out to tender. These hospitals have a complement of over 5,000 beds and treat approximately 300,000 patients per year.

The objective of the hospitals is to identify a private sector partner to facilitate the provision of their sterilisation and disinfection services to the highest standards in the most cost effective manner. Some hospitals will require a service as from April 1996 with other hospital requirements being phased in thereafter. It is anticipated that the private sector will determine the amount of funding required as well as providing the innovation, technology and expertise to deliver the hospitals' requirements. This is the first time such an opportunity of this nature has been available in the United Kingdom.

It is essential that interested parties attend the presentation and briefing programme at which potential bidders can gain a better understanding of the opportunity together with further details and an opportunity to ask questions. The date prospective tenderers must be available is: 14 FEBRUARY 1995.

Before you can be selected to receive an invitation to the presentation and briefing programme on the 14 February you must provide for pre-qualification a copy of your most recent audited accounts together with background information about your organisation no later than mid-day Thursday 9 February. As a minimum this information must include details of ownership and affiliations to other organisations, size of organisation, nature of business and key areas of activity.

The contact point for further information and for sending the minimum required information is either John Gregson or Michelle Bradley of Touche Ross Management Consultants, Abbey House, (PO Box 500), 74 Mosley Street, Manchester M60 2AT. Tel: 0161 228 3456 or Fax: 0161 237 5382.

Touche Ross & Co. is authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

ARTS

Plus ça change: 'Another Point Of View' by David Leverett

An engagement with space

William Packer reviews the work of three abstract artists

If all abstract painting is a kind of landscape painting, the opposite should also be borne in mind: that figurative painting necessarily carries within itself the bones of abstraction. The work of some painters clearly confirms this, while that of others tests it to the limit.

Barrie Cook at the Barbican and Noel Forster at Flowers East are testers, their work a matter of field and process rather than of the particular image. It is the surface of the canvas itself that they present to us, the paint laid on and across it, flat and regular, matter of fact.

Yet no painter can remain entirely on the surface, for even the bare canvas on its stretcher summons up the sense and image of deepest space. With the very first mark laid on to violate or inform it, that implicit space is made more apparent, and every further mark extends it, forward or back as may be. It is in this inevitable engagement with space that the abstract and the landscape painter become one.

Forster, even so, is a painter who does not relinquish his surface lightly. Given that the space must be accepted, he keeps it close to the surface, as shallow as possible, by the superimposition of successive lattices of pigment, each all but obscuring the one before in a cursive, rhythmical screen. But not quite, and we peer through the tiny gaps that remain, into who knows what beyond. Until lately these veils were complex and contradictory, one now supervening, now the other in a kind of ambiguous visual knitting. The latest work is simpler in that the sequence is now clear, the last veil clearly the last and laid on as a single colour across the canvas. That these should be so simple and authoritative is an interesting development for so subtle and delicate an artist.

Cook, by contrast, has the gift some sculptors have of never working small, whatever the actual scale may be. He constantly returns to the stripe or column, usually vertical, sprayed onto an indeterminate colour-field or ground. These columns, set like a fence across the picture-plane, are wonderfully ambiguous, so subtle and suggestive that we may read them at once as both positive and negative forms, hovering in space and yet space themselves, shimmering and glowing. They are beautiful, and Cook's work an abstract symbolism of the highest order.

Michael Michaeledes, at Annely Juda, might seem at first no painter at all but the relief-maker he always was, still stretching unprimed canvas across his raised wooden armatures to soften the half-hidden form even as the new-stretched form declares itself. But while old abstract preoccupation with multi-panelled formal sequences and progressions remains, he has long-since brought colour into the work, and now brings to it rather more than a hint of figuration.

His "Andiomeni", indeed, are limbless female torsos in relief that are as ambiguous as tailors' dummies, the taut, unpainted canvas describing yet concealing the vestigial thighs and breasts. His large triptych, "The First Air Disaster", goes further still in that abstracted and progressively fragmented images of a wing are set in relief upon three larger canvases painted as actual landscapes, albeit unspecific and atmospheric evocations of broad skies and distant mountains, as seen from the aeroplane. Should painting take over altogether? Should sculpture reassert itself? We shall see. For the rest, with each relief integral to itself, including the abstracted figures, Michaeledes' work is as elegant and satisfying as ever.

David Leverett, at Jill George, is the odd man in, with his romantic expressionist landscapes. He looks down the valley from the mountain-top with variously the sun blazing, clouds lowering, lightning flashing. "I need to touch the earth", he says, "to grasp the immensity of nature. The continents I seek are also outlined in the sky, in the formations of our dreams and in the mysteries of our own imagination."

This is all very well, but what is also apparent, and rather more interesting in this context, is that what was once seen and experienced directly has long since become formalised and repetitive in the service of his histrionic enthusiasm. And what we recall by these formal devices, in particular the inset rectangle invaded by the vigorous calligraphy of the brush, is the abstract Leverett of 20 years ago and more, with his colourful rectangular grids and structures. *Plus ça change* ...

Noel Forster: paintings; Flowers East, Richmond Road E8, until February 5. Barrie Cook: spray paintings; the Concourse Gallery, the Barbican Centre EC2, until February 26. Michael Michaeledes: recent works; Annely Juda Fine Art, 23 Dering Street W1, until March 4. David Leverett: Icons & Sacred Places; Jill George Gallery, 38 Lexington Street, Soho W1, until February 17.

'Dance Bites' on tour

Dance Bites may be a feeble title, but it is good idea. A score of dancers from the Royal Ballet; a chance to encourage new choreography; intimate, unpompous presentation; an economical, we suppose, way of showing our national troupe to regional audiences who might not otherwise see the company; a means of showing that ballet is not just swans and fairies: and psychotic Hapsburg royals: it is a necessary extension of the Royal Ballet's duty to its public, and its art.

Last year, a first tour was a success. Now a further jaunt is under way. Some new pieces – rather thin; an Ashton lollipop (the *Thais* duet); the statutory bunch of Forsythia, (no ballet company can now exist without this odd bloom somewhere in its garden), and a masterpiece new to the repertory, Balanchine's *Duo Concertant*. Glorious though this last work is, and infinitely welcome, the significance of the enterprise is the chance to encourage creativity from within the Royal Ballet itself, and on these terms the present *Dance Bites*, which I saw on in Dartford last week, is undermanned.

William Tuckett provides a new jazz solo for Leire Ortueta, which is papery and predictable, and his earlier *A Shropshire Lad* is revived. I discern in Tuckett's work a concern with exposing the emotional subtext of a score or a situation, which finds him sometimes battling with music or drama. There results dance that can seize one with pleasure at his daring, but can also seem gratuitous. Faced with seven Housman lyrics in settings by Butterworth and Moeran – tweedy music if ever there was – he is trapped by the poet's insistent "laddery" (there are two lads – William Trevitt and Adam Cooper, with Belinda Hatley as their lass, and Gary Avis as the poet). The songs are not dance music, and for all the touching poses Tuckett devises, he is their prisoner.

Ashley Page provides part of a work in progress, *Two or Three Dialogues* – which looks like two duets for Ann de Vos and William Trevitt – to some electronic maunderings by Brian Eno. We have Page's continuing wish to re-shape the academic manner. We also have his affection for design that enforces his quest for innovation. The dancers' outfits, by Flora McLean, are modish, quirky, and not a little tiresome: a plastic skirt for Miss de Vos, and some wilful accoutrements give a fuzzy edge to the dance.

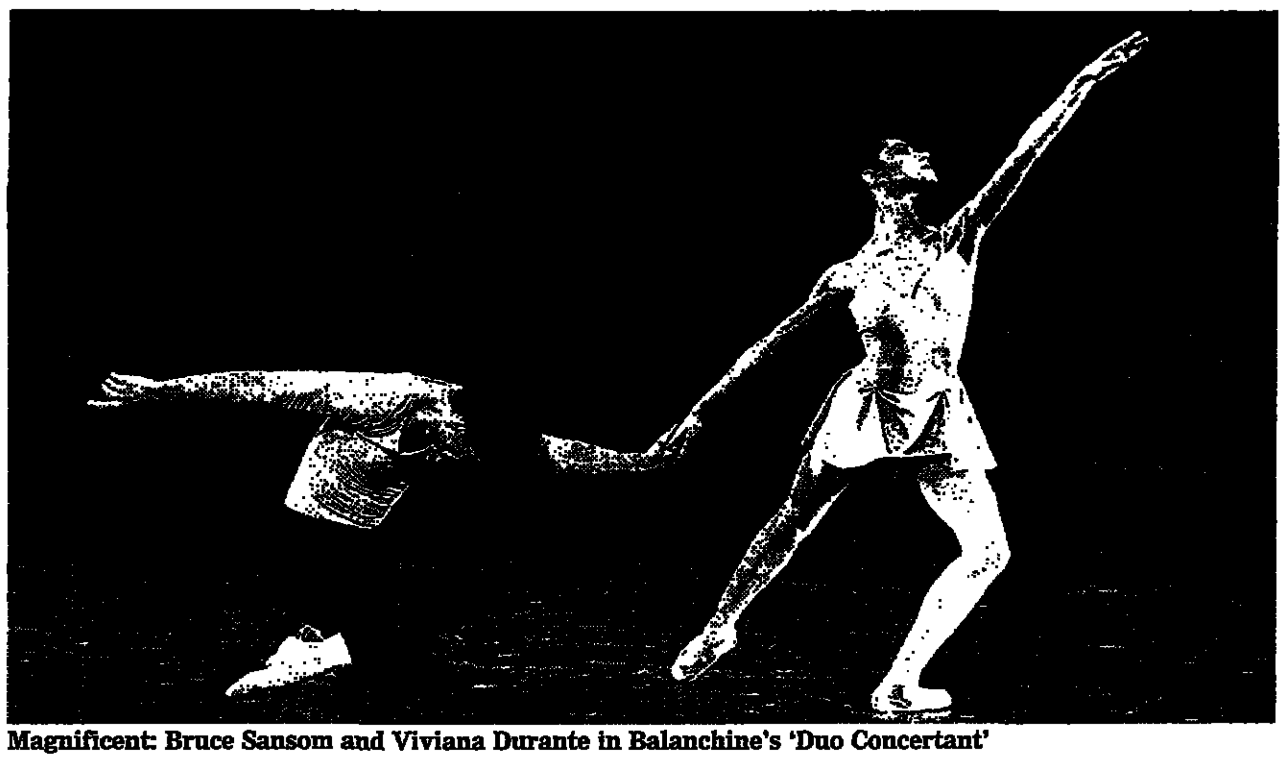
It is Matthew Hart's *Solo* which best speaks of a fresh choreographic eye. He made it for himself a couple of years ago, and it is here well danced by Ricardo Cervera. The music is the third movement from Shostakovich's string quartet No.8, a haunted, grotesque waltz for which Hart finds apt physical form. There is a gratuitous element of narcissism – the male soloist wears minimal trunks – but Hart realises his score's rhythmic and melodic sharpness in resourceful dance, while yet sustaining the waltz's onward pulse. It is a trifle, but valuable nonetheless.

So, in its heavily perfumed way, is the Ashton *Thais* duet. It was danced on this occasion by Leanne Benjamin and Michael Nunn, who brought the right intensity to its thoroughly suspect ecstasies – all patchouli and eddies of veiling. As necessary antidote, we have Balanchine's *Duo Concertant*, made for the New York City Ballet's 1972 Stravinsky Festival. In a season of marvels, it was an especial jewel. The musicians (Philip Gammon and Yury Torchinsky, very fine) are on stage. Two dancers, Viviana Durante and Bruce Sansom, stand by the piano, listening, then are drawn into exploring the music's possibilities. What follows is a miraculous dialogue between dance and music, movement responsive both to form and to the deeper ideas of the score. For Balanchine it was a conversation with Stravinsky and also with Terpsichore. The closing *Dythyramb* hints at the idea of the muse – elusive, ever to be adored. Unforgettably created for Peter Martins and the delicate Kay Mazzo, it has been perfectly staged by Miss Mazzo for Durante and Sansom, who are magnificent in it.

The programme ends with William Forsythe's *Herman Schmerman*.

Clement Crisp

Leicester tonight, Newcastle on Tyne Feb 2-4. Sponsored by the Audrey Sacher Trust and the Friends of Covent Garden.



Magnificent: Bruce Sansom and Viviana Durante in Balanchine's 'Duo Concertant'

Concerts

Minor and monster forces

Beyond the Boulez 70th birthday celebrations continuing at the Barbican (of which more another day), the London concert scene was particularly enterprising last week. There was a Harrison Birtwistle premiere for solo tuba and the London Philharmonic; a visit by the City of Birmingham Symphony, inflated to the size Strauss demanded for his *Symphonia domestica*; and of all unlikely things Bohuslav Martinu's very late oratorio *The Epic of Gilgamesh*, grand and entirely odd, and exhumed to a high standard by (of course) the BBC Symphony.

The new Birtwistle piece stems from his recent opera *The Second Mrs Kong*, in which a minor character was Anubis, the jackal-headed Egyptian god who like Charon led the souls of the dead to their fate. In *The Cry of Anubis* he has become a tuba, singing a solemn, ruminative threnody – occasionally rising to anguished barks – whilst the strings develop intricate patterns. Timpani, bells and harp (struggling to make itself heard) hang sonorous clusters upon the solo line.

There were events enough to fill out the 13 minutes of *The Cry*, but here they kept a low profile by Birtwistle's standards. The reduced LPO strings sounded too few against their noisier colleagues, and not rehearsed to the point of full confidence. Even Owen Slade, the excellent tuba, preferred to play safe with his broad, round timbre, rather than let his imagination light up the score with extra subtleties. What we heard was moderately imposing, but there must be more to be discovered.

There cannot be much in the *Symphonia domestica* that Mark Elder has not discovered. At the Barbican with the CBSO on Friday, he conducted Strauss's monster forces with delicacy and unlimited tenderness, rendering the score almost transparent for once: *not* clotted, *not* overbearing, but the honest, good-hearted paean to familial bliss that it was meant to be (on its unabashed public scale, with no stinting on the climaxes). It was beautifully phrased, and hugely disarming – and the orchestra did Elder proud. Doubts about whether Strauss's time was well spent in erecting this monument to the late 19th-century "symphony" in 1903, whether for him the whole ingenious exercise was already too much like taxidermy, were easily suppressed while it lasted.

Doubts about Martinu (1890-1959) are always tantalisingly with us. For many Czechs he is their latest major composer after Janáček and Suk, though he enjoyed an urbane self-exile in Paris and America for most of his life. For non-Czech listeners he remains a radically quirky composer: never a serious revolutionary, but peculiar, even cranky, in almost every detail. His seemingly conventional forms, tunes and harmonies go off at unpredictable tangents; the rationale for that is generally opaque, and yet – once in a while – he scores memorable effects.

The Epic of Gilgamesh is based on the pre-Biblical narrative, but it is neither an epic nor even quite an oratorio. What occasioned it seems to have been the death of a lifelong Martinu friend in 1945, and the composer's subsequent brooding on mortality and loss. The legendary events are reduced to a narrow thread. In part 1 the hero Gilgamesh, a fierce ruler who brooks no opposition, finds a soulmate in Enkidu, another demi-god and an innocent "natural savage" (with luxuriant hair like a woman's); in part 2 Enkidu is suddenly dying, after premonitory dreams; part 3 is all Gilgamesh's desolate grief, with Enkidu contributing a bleak testimony from the underworld.

Jiří Bělohlávek led his quartet of distinguished Czech soloists in a strong, sympathetic performance. The best portions of the score were very striking: the first barbaric ode to Gilgamesh (BBC Symphony Chorus in superb form and brave Czech), the representations of Enkidu's ecstatic (heterosexual) initiation, his epic challenge to Gilgamesh and later that hero's desperate heartbreak, then their spectral last encounter. The sounds were often extraordinary – apparently intuitive, not generated by any theory, but instantly haunting. I have no idea what, exactly, Martinu was doing, but it was not a waste of time.

David Murray

INTERNATIONAL ARTS GUIDE

BERLIN

OPERA/BALLET

Deutsche Oper Tel: (030) 341 9249

● Der Fliegende Holländer: by Wagner. Conducted by Heinrich Hollreiser, production by Gustav Rudolf Sellner at 7 pm; Jan 31

● L'Italiana in Algeri: by Rossini. Conducted by Ion Mann/Carlo Rizzi, produced by Jérôme Savary at 7 pm; Feb 4, 8

● The Marriage of Figaro: by Mozart. Conducted by Stefan Soltesz, produced by Götz Friedrich at 7 pm; Feb 7

LONDON

CONCERTS

Barbican Tel: (0171) 638 8891

● Tippett: Visions of Paradise: opening concert of the 'Visions of Paradise' festival that celebrates the 90th birthday of one of the most eminent living British composers. Sir Colin Davis conducts the London Symphony Orchestra to play Mozart and Tippett's own, 'A Child of Our Time' at 7.30 pm; Feb 5

Festival Hall Tel: (0171) 928 8800

● Handel: Messiah: Charles Francome conducts the Royal Philharmonic Orchestra with soprano Turid Karlsen, contralto Ruby Philogene, tenor Hirohisa Tsuji and bass Hubb Claessens at 7.30 pm; Feb 1

● Philharmonia Orchestra: with violinist Kyung-Wha Chung and conductor Kurt Sanderling plays Beethoven and Bruckner at 7.30 pm; Feb 4, 8

● Royal Philharmonic Orchestra: with pianist Eliso Virsaladze and conductor Yuri Temirkanov plays Britten, Prokofiev and Shostakovich at 7.30 pm; Jan 31

● Vienna Philharmonic Orchestra: Bernard Haitink conducts Bruckner's Symphony No. 8 at 7.30 pm; Feb 2

GALLERIES

Royal Academy Tel: (0171) 439 7438

● Poussin: over 90 works by the French artist. Centerpiece of the exhibition is the two series of the 'Seven Sacraments'; to Apr 9

OPERA/BALLET

English National Opera Tel: (0171) 632 8300

● King Priam: a new production of Tippet's opera that opens the London festival - Tippet: Visions of Paradise, to celebrate the composers 90th birthday at 7.30 pm; Feb 3

● Rigoletto: Jonathan Miller's updated version of Verdi's opera where the duke is a mafia boss at 7.30 pm; Feb 1, 4

Royal Opera House Tel: (0171) 340 4000

● Cosi Fan Tutte: by Mozart. A new production directed by Jonathan Miller. Conductor Evelino Pidó. In Italian with English surtitles at 7 pm; Jan 31; Feb 3, 6, 8

● Der Rosenkavalier: by Strauss. Conducted by Andrew Davis, directed by John Schlesinger. Soloists include Felicity Lott/Anna Tomowa-Sintow as Prinzess von Werdenberg at 6.30 pm; Feb 4 (5.30 pm), 7

● Otello: by Verdi. Conductor Carlo Rizzi, director Elijah Moshinsky. In Italian with English surtitles at 7.30 pm; Feb 1

● Troilus and Cressida: by Walton. An Opera North production conducted by Richard Hickox and directed by Matthew Warchus at 7.30 pm; Feb 2

THEATRE

Barbican Tel: (0171) 638 8891

● New England: Richard Nelson's new play at 7.15 pm; Feb 3, 4

National, Lyttelton Tel: (0171) 928 2252

● The Children's Hour: by Lillian Hellman, directed by Howard Davies at 7.30 pm; Feb 3, 4 (2.15 pm)

National, Olivier Tel: (0171) 928 2252

● The Merry Wives of Windsor: by Shakespeare. Terry Hands directs his first production at the National. With Denis Quilley as Falstaff, Brenda Bruce as Mistress Quickly and Geraldine Fitzgerald as Mistress Ford at 7.15 pm; Feb 6, 7, 8

NEW YORK

GALLERIES

Guggenheim Soho Tel: (212) 423 3652

● Antoni Tapies: 55 of the leading Spanish artist's most important works dating from 1946 to 1991; to Apr 23

Museum of Modern Art Tel: (212) 708 9480

● Kandinsky: Compositions: exhibition featuring about 40 works including seven of the surviving 'Composition' paintings; to Apr 25

OPERA/BALLET

Metropolitan Tel: (212) 362 6000

● Cavalleria Rusticana / Pagliacci: by Mascagni/Leoncavallo. Production by Franco Zefirelli, conductor Christian Badea at 8 pm; Feb 1, 4, 7

● Il Barbiere di Sivigla: by Rossini. Produced by John Cox, conducted by David Atherton at 8 pm; Feb 6

● L' Elisir d' Amore: by Donizetti. Produced by John Copely, conducted by Edoardo Müller at 8 pm; Feb 3

● Simon Boccanegra: by Verdi. A new production directed by Giancarlo del Monaco. James Levine conducts the opening night cast of Cheryl Studer, Plácido Domingo and Vladimir Chernov at 8 pm; Feb 2

● Turandot: by Puccini. Produced by Franco Zeffirelli, conducted by Nello Santi at 8 pm; Jan 31; Feb 4, 8

THEATRE

Roundabout Theatre Company Tel: (212) 869 8400

● The School for Husbands/ The Imaginary Cuckold: by Molière. Michael Langham directs this Richard Wilbur translation starring Brian Bedford at 8 pm; from Feb 2 to Mar 12 (Not Mon)

PARIS

CONCERTS

Champs Elysées Tel: (1) 47 23 37 21/47 20 08 24

● Jorge Chaminé: baritone with pianist Maria Françoise Bucquet plays Tchaikovsky, Borodin and Glinka at 8.30 pm; Feb 7

● London Symphony Orchestra: with soprano Jessye Norman. Pierre Boulez conducts Berg, Bartók and his own compositions at 8.30 pm; Feb 1, 2

● Maxim Vengerov and Itmar Golan: an evening of violin and piano recitals by Mozart, Beethoven, Prokofiev and Shostakovich with violinist Vengerov and pianist Golan at 8.30 pm; Feb 6

OPERA/BALLET

Opéra Comique Tel: (1) 42 96 12 20

● Lakmé: by Delibes. Conducted by Frédéricc Chaslin and produced by Gilbert Blin at 7.30 pm; from Jan 31 to Feb 18

WASHINGTON

CONCERTS

Kennedy Center Tel: (202) 467 4600

● Washington Chamber Symphony: Stephen Simon conducts Tower, Mozart and Mendelssohn at 7.30 pm; Feb 3, 4

OPERA/BALLET

Washington Opera Tel: (202) 416 7800

● Semele: by Handel. Conductor Martin Pearlman. Roman Terleckyj directs a Zack Brown production at 8 pm; Feb 2, 6 (7 pm)

● The Bartered Bride: by Smetana. Conducted by Heinz Fricke. In English at 8 pm; Feb 1, 3, 5 (2 pm), 8

THEATRE

Arena Stage Kreeger Theater Tel: (202) 554 9066

● Hedda Gabler: Henrik Ibsen's drama, directed by Liviu Ciulei and translated by Christopher Hampton at 7.30 pm; to Mar 19 (Not Mon)

Arena Stage, Fichandler Theater Tel: (202) 488 3300

● Long Day's Journey into Night: Eugene O'Neill's classic American drama, directed by Douglas Wager at 7 pm; to Feb 5 (Not Mon)

Kennedy Center Tel: (202) 467 4600

● How to Suceed in Business Without Really Trying: co-production with the Kennedy Center. Directed by Des McAnuff and starring Matthew Broderick as J. Pierrepont Pinch, the little window-washer with big corporate dreams at 8 pm; to Feb 26 (Not Mon)

Studio Theater Tel: (202) 332 3300

● Conversations with My Father: Herb Gardner's autobiographical work, directed by John Going. Sun 2pm and 7pm otherwise at 8 pm; to Feb 5 (Not Mon)

ZURICH

GALLERIES

Kunsthaus Zürich

● Degas-The Portraits: a major new exhibition of the portraits of Edgar Degas; to Mar 5

OPERA/BALLET

Opernhaus Tel: (01) 262 0909

● Der Freischütz: By Weber. Conducted by Nikolaus Harnoncourt and produced by Ruth Berghaus. Soloists include Inga Nielsen and Malin Hartelius at 7.30 pm; Feb 3

● Die Fledermaus: by Strauss. Conducted by Franz Welser-Möst and produced by Robert Herzl at 7.30 pm; Feb 1

● Linda di Chamounix: by Donizetti. Première conducted by Adam Fischer and produced by Daniel Schmid. In Italian at 7.30 pm; Jan 31

● The Masked Ball: by Verdi. Conducted by Franz Welser-Möst and produced by Michael Hampe at 7.30 pm; Feb 2, 5 (4 pm)

WORLD SERVICE

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Midnight
Financial Times Business Tonight

Eyes on the fast lane

Kevin Done on Japanese carmakers' European plans

Japanese carmakers, battered by the rise in the value of the yen, have struggled in the past year to keep pace with the nascent recovery in the west European new car market.

The launch by Mitsubishi Motors today of its first European-built model shows that they nevertheless remain determined to succeed. It raises the competitive stakes with a big increase in the development of Japanese car production capacity in Europe.

The Mitsubishi Carisma, a large family car to be unveiled at the Amsterdam motor show, will challenge models such as the Ford Mondeo, the Opel/Vauxhall Vectra and the Renault Laguna.

As the first cars roll off the assembly line at its new plant at Born in the Netherlands, Mitsubishi Motors becomes the fourth Japanese vehicle maker to begin mainstream car production in western Europe. Nissan, Honda and Toyota are well established in Europe. They produced 333,000 cars last year at their three plants – all in the UK – accounting for about 3 per cent of total west European car output.

With the addition of the Mitsubishi factory, the four Japanese carmakers are forecast by DRI Europe, the automotive analyst, nearly to triple production to 955,000 by 1999, raising their share of west European car output to 6-7 per cent by the end of the decade.

In the past year, Japanese carmakers have suffered falling sales in Europe. They have been hit by the rapid rise in the value of the yen – which has increased the cost of imported cars and components – and have been forced to confront strong competitive pressure from resurgent European carmakers.

Sales of Japanese cars in west Europe dropped 5.8 per in 1994 cent to 1.3m, in an overall market which grew by 5.9 per cent to reach 11.9m. The market share of the Japanese declined to 10.9 per cent – the lowest for five years – from 12.3 per cent a year earlier. Only Honda among Japanese carmakers increased its registrations in Europe last year.

European fears of rapid Japanese penetration of the west European market have so far proved unfounded, with the latest DRI forecast suggesting that Japanese market share will rise moderately to 13.9 per cent in 1999. And although Japanese production in west Europe will have increased sharply by the end of the decade, part of this rise will come at the expense of direct exports from Japan.

Mr Helmut Werner, chief executive of Mercedes-Benz of Germany, maintains that there has been "a shift in competitive dynamics" in the three main car-producing regions during the past two years, in favour of North American and European vehicle makers.

He accepts that "the drastic appreciation of the yen" has played a role, but says that European and North American producers have improved their products and have exploited competitive advantages in areas such as safety.

"We still cannot afford to underestimate the Japanese," he says. "Their production system is as outstanding as ever. But recent developments have shown we in Europe can hold our own, if we are prepared to tread new paths in terms of organisation and working patterns in our plants."

A study by DRI says that European carmakers are rationalising their ranges, with a big cut in the number of basic chassis platforms from 83 to 57 between the early 1990s and the end of the decade. At the same time they are increasing the number of derivative models to meet the varied demands of their customers.

For the Japanese, the going has proved much tougher than expected. In addition to the problems of the strong yen, their ability to speed up the transfer of production from Japan to Europe has been held up by recession and dwindling profitability at home.

They are struggling, too, to build effective dealer networks in countries such as France, Italy and Spain, where their sales have been restricted by quotas, and they have lagged behind European and US rivals in the provision of security and safety features, such as dual airbags, that are fast becoming standard equipment.

Nissan, which blazed the trail for Japanese car production in Europe in the second half of the 1980s, has run into problems at its £1bn plant at Sunderland in north-east England.

Its plan to produce 270,000 cars in 1993 with the creation of a capacity for 300,000 cars a year was blown off course by recession in the European car market. Production had to be cut back to 246,000 in 1993 and fell again last year to only 205,000. Several hundred jobs have been cut in the group's first voluntary redundancy scheme.

Nissan has also run into difficulties in Spain, where its Nissan Motor Iberica subsidiary, which makes four-wheel drive and other specialised vehicles, is expected to suffer a fourth successive year of losses in 1995.

Similarly, Suzuki has suffered heavy losses at its plant in southern Spain, which has come close to financial collapse. It is pressing ahead with the development of its small car plant in Hungary, however.

And Toyota has been forced to slow the development of production at its £700m plant in the UK. Planned output for 1995 has been cut to 90,000 from 100,000, and the group is still to make a decision to press ahead with the second phase of the project and the expansion of capacity to 200,000 a year.

Mitsubishi Motors, the latest arrival, aims to reach production of 100,000 cars a year by 1997 at the Fl 3.4bn ($2bn) NedCar plant, which it has developed in a joint venture with Volvo, the Swedish carmaker, and the Dutch government. But it faces a difficult task as it tries to carve out a greater share of a market in which discounting and sales incentives are still rife.

Its Dutch plant should be among the most efficient in Europe, however, and it is aiming to start with local content of about 85 per cent.

Mr Hiroshi Ninomiya, president of Mitsubishi Motor Sales Europe, says the plant will achieve an assembly time initially of about 20 hours per car, but this should be reduced to 17 hours or less at full capacity – putting it ahead of most European car manufacturers.

"We will get our costs in order," warns a senior executive of one leading Japanese carmaker in Europe. "Yes, the Europeans have bounced back, especially in design if not so much in their costs, but it is a cyclical industry. Be sure that the Japanese will come back."

Joe Rogaly

Obsessive party games

The Conservatives' war of words over Europe is a battle of abstractions. So is Labour's exchange of verbal hostilities over Clause 4 of its constitution. Britain's governing party is living in nightmare-land; the principal opposition inhabits a hall of distorting mirrors. Mr John Major is the captive of 19th-century imaginations; Mr Tony Blair a potential victim of the far more terrible phantoms of the early part of the 20th. Like boys obsessed with Nintendo games, the prime minister is feverishly thumbing the buttons on Master of the Eurosceptics; his rival, the leader of the Labour party, is turning bug-eyed over The Claws that Sunders. Perhaps we should be grateful. It might keep them out of mischief.

The above exposition of the state of British politics may sound light-headed, but the intention is serious. Our political leaders are floating on clouds of ersatz dialogue. Each is distracted by passionate soul-searching within his party. Consider first Mr Major's fantasy-game. The prime minister knows that Britain has no choice but to participate in whatever is going on among its continental neighbours. He has said so. His emphasis, however, varies. This is nothing new. From time to time the UK government is overcome by delusions of grandeur, as it was over the European Coal and Steel Community, which it failed to join in 1950, or the drafting of the Treaty of Rome, from which it stayed aloof in 1955.

Such self-glorification has been punctuated by panic attempts to opt in, or desperate scrabbles not to be left out. These began in 1961, but the pattern persisted. As prime minister in 1970-74 the then Mr Edward Heath led us into the "common market"; his Labour successor nearly took us out. When she was prime minister in 1979-90 Lady Thatcher thundered "no no no no" from every platform, but in the back room, confronted by the Single European Act and possessed of a praiseworthy sense of realpolitik, she whispered "yes yes yes yes".

This well-known post-1945 history of opportunities botched and subsequent patch-ups is rehearsed in the current issue of The Political Quarterly. None of the blather of the past week changes the continuing story. Last Thursday's cabinet decision to bang the nationalist drum may be a portent of the near future. The PQ, edited by Messrs Colin Crouch and David Marquand, comments that "the easiest way for the government to escape from its predicament is to call a snap election *before* the intergovernmental conference, and to fight it on an anti-federalist ticket – suitably tinged with a genteel xenophobia – around which all but the bitterest Eurosceptics in the Conservative party could unite". This thought has plainly occurred to the opposition. The IGC is due to start next year. Labour is already taking pre-emptive action. Mr Robin Cook said yesterday: "Europe must be a community of free member states." For good measure, the shadow foreign secretary added: "Labour rejects the concept of a European superstate." This makes as much sense as it does when the prime minister says it. The European Union is and will remain a permanent conference of independent nations. No united states of Europe is in sight. "Conservatives are against the consumption of babies for breakfast," Mr Major might proclaim. "Us too," says Mr Blair.

The UK cabinet, it seems, threatens a machine-gun spray of vetoes at the IGC, crying: 'Freeze, Europe. One move and we'll blast you'

Yesterday's article on this page by Lord Howe should come as a bucket of cold water over populist heads. The former Tory chancellor and foreign secretary foresees and welcomes greater cohesion in an ever-closer union than some of us do, but his basic proposition, that "if we make the EU unworkable", France and Germany "will find other solutions that exclude us", cannot be gainsaid. The corollary should be spelt out. Whether or not we drag our heels in 1996, or if ever a single currency is established, sooner or later we will be begging for membership of the highest circle of the EU then extant. The empire is gone. *Pace* Mr Malcolm Rifkind, the UK is not the 51st state of the US. Stand alone? Britain cannot be Switzerland. It is too large to be Norway. There is only Europe.

Who is saying this with unqualified clarity today? Not Mr Michael Heseltine, who wrote a book on it. Not yet Mr Kenneth Clarke. Not even Mr Douglas Hurd. The industry secretary, the chancellor and the foreign secretary all know better. Yesterday Mr Hurd's characteristically diplomatic remarks indicated his adherence to the idea of Britain's place at the centre of European affairs. Yet he, along with other European-inclined members of the cabinet, has apparently acquiesced in the prime minister's implicit contract with the Euro-sceptics.

The most extreme version of that unholy pact was expounded by Mr Michael Portillo over the weekend. The British cabinet, it seems, threatens a machine-gun spray of vetoes at the IGC, not looking to see who or what might be upset, not waiting to ascertain what subtle negotiation might achieve, just parroting the pre-election soundbite: "Freeze, Europe. One move and we'll blast you."

When he is not working out how to follow *that*, Mr Blair is engaged in a surrealist exercise of his own. Clause 4 promises the nationalisation of enterprise. It is what makes Labour socialist, in the Marxist sense. As such, it is redundant, faded ink on yellowing paper. A Labour government would not take one more brick into state ownership with Clause 4 intact, nor one less without it. Yet Mr Blair is touring the country to persuade party members to vote for a replacement passage, something that promises fairness, social justice and, with luck, adherence to a dynamic market economy.

In a sane world he would have no trouble winning the vote. The Labour party being what it is, some of its members have labelled their leader a class traitor. Others use derogatory terms to describe him. The argument over the dratted clause has become a dispute over whether drops of Marxism remain in Labour's blood. It is a purification ritual, probably necessary but certainly unrelated to the immediate concerns of voters. It is a party matter. In this it echoes the Conservative agony over Europe. There the resemblance ends. Mr Major is skating backwards at the behest of his party's sceptics. Mr Blair is confronting his own potential rebels head-on. The difference is instructive.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

UK needs nuclear rethink

From Mr Frank Blackaby.

Sir, In your excellent editorial on the non-proliferation treaty, "A treaty worth saving" (January 30), there is one point that is not mentioned.

As you say, the US and Russia can claim they are fulfilling their obligations under the treaty by substantial reductions in the number of their nuclear warheads.

The UK can make no such claim. It is engaged on a programme which dramatically increases the range and accuracy of its strategic missiles, and it is raising the yield of the warheads which those missiles carry from 40 to an estimated 100 kilotons.

(The Hiroshima bomb, for comparison, was around 13 kilotons.)

It really is time for the three main political parties in the UK to think again about Britain's nuclear weapon policy.

Frank Blackaby,
9 Fentiman Road,
London SW8 1LD, UK

Rome treaty may support a UK unilateral ban on calf exports

From Mr Stanley Johnson.

Sir, As the first chairman of the European parliament's all-party group on animal welfare, I applaud, as you do ("The morality of animal rights", January 30), the efforts of UK agriculture minister William Waldegrave to achieve EU-wide agreement on abolishing the veal-crate system, already banned in this country.

We should not, however, be under any illusion about the difficulty of the task. When will the Commission make a proposal? When will the Council adopt it? Will the Council agree on an early date for implementation? What if the phase-out date for the veal-crate system is put off, say, until well into the next century as seems quite possible?

I am less convinced than you that unilateral action by the UK to ban the export of live calves, pending the adoption of satisfactory common standards, would be illegal under the Treaty of Rome. Article 36 of the treaty specifically permits member states to impose unilateral bans or restrictions on imports or exports where human, animal or plant health is threatened, provided such measures are not disguised restrictions on trade.

Other countries, notably Denmark, Germany and the Netherlands, have successfully invoked article 36 to achieve higher environmental standards than laid down in EU legislation. This has sometimes led to rapid adoption of improved EU standards even when at first sight the votes in favour of such improvements seemed not to be there.

Moreover, the declaration on animal protection, agreed at Maastricht largely at the insistence of the British prime minister, "calls on the EU institutions and the member states to pay full regard to the welfare requirements of animals" in operating the Common Agricultural Policy, etc.

Of course, a declaration does not have the force of a treaty article. But this is a dynamic situation and Mr Waldegrave is no doubt now arguing strongly in the cabinet committee preparing for the next intergovernmental conference that the declaration on animal protection should be converted into a proper legal text. European Court judges may well bear this in mind if they have to consider a unilateral UK ban.

At the end of the day, the European Court may of course rule that a unilateral ban is indeed illegal and that British sovereignty in this, as in other matters, is limited as a result of the UK's membership of the European Union. If this is the case, we will all have to draw our own conclusions.

Stanley Johnson,
former vice-chairman,
European Parliament Committee on Environment,
Public Health and Consumer Protection,
60 Regent's Park Road,
London NW1 7SX, UK

A better way of saying it

From Mr Graham Allen.

Sir, Your normally witty, succinct, award winning headline summary on the front page has let me down.

Surely a more appropriate and concise headline for the story "Australian opposition leader quits" (January 27) would have been "Downer out".

Graham Allen,
7953 Kenyon Av.,
Los Angeles,
California 90045,
US

Mutual support on dance

From Mr Ian Albery.

Sir, It is good to see the Financial Times giving serious coverage to the question of London's provision for staging dance and lyric theatre in the next century.

We look forward to hearing the outcome of the Arts Council's current deliberations on this issue.

Antony Thorncroft is seriously mistaken, however, to put our plans to redevelop Sadler's Wells in opposition to English National Ballet's hopes for the future ("Art for all and money for some", January 21). London needs a range of theatres seriously committed to dance. A positive aspect of the dance world in London is the extent to which all organisations are working together to ensure the best possible range of venues for our audiences and companies.

Sadler's Wells in no way considers there to be any rivalry between itself and English National Ballet and each is fully supportive of the other's aims and aspirations.

Ian Albery,
chief executive,
Sadler's Wells,
Rosebery Avenue,
London EC1R 4TN, UK

Full support

From Sir Roger Gibbs.

Sir, With regard to your People article, "The man who welcomed Glaxo" (January 30), by Katharine Campbell, I would like to make one point clear. The board of Wellcome plc did consult the governors of the Wellcome Trust over the appointment of Mr John Robb as both chairman and chief executive of that company. I would like to make it quite clear that the trust fully supported that decision.

Roger Gibbs,
chairman,
The Wellcome Trust,
183 Euston Road,
London NW1 2BE, UK

Essential to require disclosure of top executives' pay

From Mr David Chidgey, MP.

Sir, Sir Iain Vallance (Personal View, January 25) misses the mark in his article on executive pay.

It is all very well to argue that shareholders should "stick to what is material and practical", but this is almost impossible while shareholders are denied comprehensive information about the full remuneration paid to company directors.

It is now clearly necessary for legislation to enforce the disclosure in a company's annual reports the full remuneration packages awarded to every director. This simple measure, which even the Institute of Directors now advocates on a voluntary basis, will improve accountability and transparency. It will also allow some rationality to enter the current debate on executive remuneration.

David Chidgey,
Liberal Democrats' employment and training spokesman,
House of Commons,
London SW1A 0AA, UK

From Mr Jeremy Wagener.

Sir, The article by Sir Iain Vallance started promisingly with some telling points about differing standards towards the rewarding of success and the role of money. But he is too glib when he suggests that the salary of the chief executive is of no concern to employees.

Of course it is. Whether he or she is driven by envy or ambition, the boss's pay (and not just the top boss) is of legitimate interest to every employee. How a company sets its rewards and their level says a lot about the values under which it operates.

Jeremy Wagener,
Fairfield, Silver Street,
Stansted, Essex CM24 8HE, UK

From Mr George Bull.

Sir, It was refreshing to see the positive contribution from Sir Iain Vallance. I was glad to be reminded of the concept of a "... just and fair reward for the job done".

More immediately, I am puzzled by one of the criteria he gave for determining a "just reward". He mentioned comparability with other similar jobs, saying: "There is a market (albeit imperfect) for chief executives and an international one at that."

Surely this market is extremely limited and marginal? I would be impressed to see more British executives flocking for higher rewards to work in Japan, Germany, France and the US. It would be a reassuring kind of brain drain. But when it comes to board rooms and top managers, business is surely still very nationalistic?

George Bull,
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Tuesday January 31 1995

Diplomacy required

The resolution of a trade dispute between the US and China now appears to hinge on whether a Chinese delegation will buy a plane ticket to Washington this week. At issue is intellectual property and, in particular, factories in southern China that specialise in counterfeit compact discs, and in evading royalty payments to US companies. For the moment, this is a trade rift, not a war, and both sides indicate that a resolution is possible. But the dispute could take a turn for the worse on February 4, when the US promises to produce a list of Chinese imports to be subject to 100 per cent tariffs.

That will bring the countries closer to confrontation, and could be the opening date for theatrics in which the point of the dispute becomes the conduct of the argument, and not the substance of a settlement. In Beijing last week, both sides appeared wary of war. But US negotiators have returned to a Washington congressional audience keen to put pressure on China over a range of issues from market access to human rights, arms control and Taiwan. The Chinese negotiators must report to a Communist party awaiting, with apprehension, the imminent death of the country's paramount leader, Deng Xiaoping.

Some Beijing officials will see a trip to Washington as a loss of face, but the more pragmatic will not bother to invoke the fake-producing factories as a point of national honour. Their job will be made easier if Mr Mickey Kantor, the US trade representative, chooses his words carefully when he gets the curtain call on February 4. Under section 301 of the US trade act, the Chinese will still have a month to answer US demands before punitive tariffs are applied on footwear, toys and whatever else Mr Kantor puts on his shopping list.

Delicate decision

The decision on sanctions is a delicate one for the Clinton administration. On the one hand, feelings in the US business sector are running strong and there are fewer divisions over intellectual property than there were at the time of last year's dispute on most favoured nation status. Mr Kantor must have a deal he can sell to a sceptical business constituency.

On the other hand, outright confrontation on intellectual property would give heart to those anxious for a tough line towards China on other issues like Taiwan. That could be counter-productive if it drove China deeper into isolation.

Political issues

The US needs a workable relationship with Beijing for the longer term, and not just because of the growing size of economic exchanges. There are political issues, such as North Korea and security in the Pacific Rim, where collaboration is and will remain important.

China sometimes gives the impression it feels it is doing the US a favour by negotiating; that developing countries have a right to piracy; and that China, in its own time, will pass through that phase. But becoming part of the international community means abiding by international rules. That is the point underlying the US demand for a monitoring force to ensure the protection of intellectual property rights.

It has been too easy for Beijing to become party to an agreement, and then to blame violations on errant and uncontrollable individuals. That Chinese swimmers have recently been exposed as setting records for lap times and drug abuse should have been a warning to Beijing that its reputation depends on abiding by multilateral rules.

The government should also listen to the recent public words of warning from companies outside the US, such as Unilever and Deutsche Bank. In the past, Beijing could rely on silence from foreign companies, which had calculated that the risk of alienating Chinese officials was greater than the reward from drawing attention to difficulties.

Similarly, countries backing China's World Trade Organisation entry are irritated by threats that it will refuse to resume negotiations next month unless favourable concessions are made. The Chinese government should see the WTO matter as multilateral, not personal. And the US should ensure that its dispute with Beijing remains about loss of market share, and not about the loss of face.

A phantom Euro-debate

For a heady moment last week, Mr John Major may have allowed himself to imagine that he had bought a truce in the British Conservative party with his latest repackaging of policy on Europe. If so, the past few days have proved him sadly deluded. By attempting to appease party Europhobes with a more strident tone ahead of the European Union's 1996 intergovernmental conference, he and senior Cabinet colleagues have infuriated Europhile MPs. The attack in these pages yesterday from Lord Howe, former chancellor and foreign secretary, is just a foretaste of the skirmishing to come. For the government, it should also serve as a most ominous portent.

If Mr Major's lurch to the right on Europe continues – and that is quite a large "if" given the tendency for the government's policy to ebb and flow with the tides of Commons votes – it could turn out to be an error of considerable proportions.

In Europe, it would mean that the UK went into an important round of negotiations threatening to veto almost any European treaty change that could be portrayed as having constitutional significance. That would be the equivalent of having one hand tied behind its back and the other flailing with a blunt instrument. It is certainly not an approach likely to persuade Britain's European partners of the merits of its case.

Even in terms of British domestic politics, it is hard to see how Mr Major thinks he might profit from such a negative stance in anything but the very short term. For all the huffing and puffing about the veto, history suggests that the other 14 EU members will not allow Britain alone to stop them agreeing on structural changes that several of them regard as essential.

Phoney choice

Thus, unless Mr Major takes the opportunistic step of calling a pre-IGC election and campaigning on a Eurosceptical ticket, the conference's outcome could return to haunt him just as campaigning for a general election is at full tilt. At that point he would face anew the phoney choice that has confronted numerous British prime ministers since the war: whether to accept a *fait accompli* cooked up on the continent, or to opt out of the whole enterprise.

The saddest irony of Mr Major's predicament is that the sound and fury on his backbenches has little bearing on real life. Giant steps towards a federal Europe will not be on the table at the 1996 conference. Rather, the agenda is likely to focus on limited, practical steps to streamline the functioning of the union and prepare for eventual membership by the states of central and eastern Europe.

Sharing sovereignty

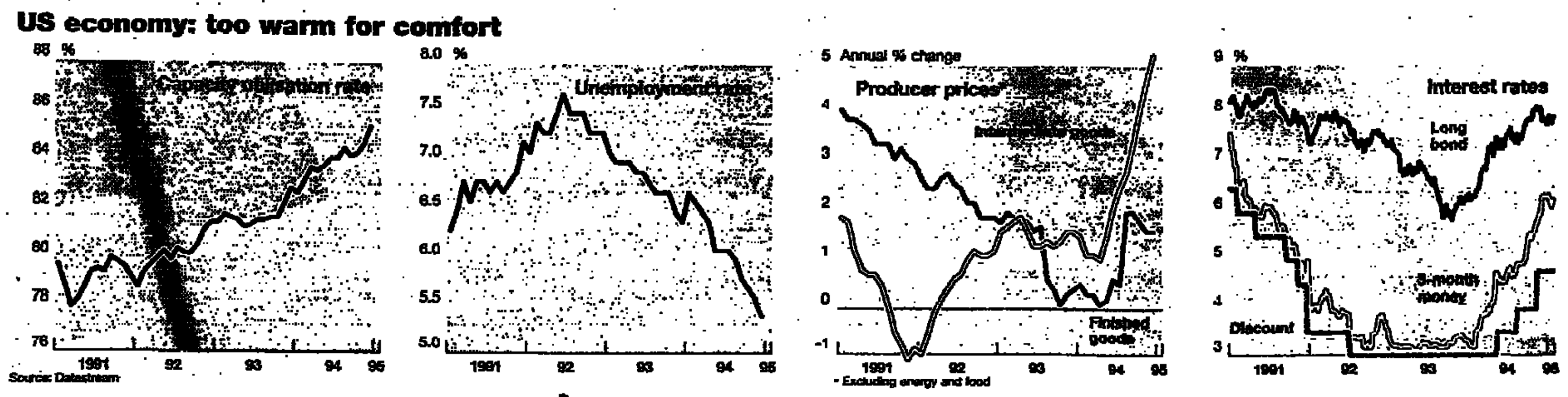
Some of these are bound to entail a modest further sharing of sovereignty as has been operating successfully for some years under the Single European Act signed by the then Mrs Margaret Thatcher. But the innovation that is arguably of greatest constitutional significance – economic and monetary union – is already enshrined in the Maastricht treaty, and Britain can choose whether to join, probably by referendum.

In any case, the government is not without continental allies on the issues dearest to its heart. France and Spain, for example, will support changes to the system of qualified majority voting that would improve the ability of larger member states to block decisions they do not like; France in its current mood is unlikely to countenance significant further transfers of power to Brussels.

In many areas, as Mr Douglas Hurd never tires of reminding audiences, subsidiarity is now the watchword. And the agenda of free markets, privatisation and flexibility with which the British government is associated has made great strides up the EU agenda in recent years. That said, those MPs who think it will be possible for Britain to opt out of additional swathes of EU policy and still retain influence, or even remain a member, are deluding themselves.

It is time for Cabinet ministers of known pro-European views – Mr Kenneth Clarke and the strangely silent Mr Michael Heseltine to name two – to stand up and argue this case without equivocation. Shrill nationalism of the kind projected by some ministers in recent days is an expression of weakness and division, and an abdication of influence over Europe's future.

US economy: too warm for comfort



Need for cool heads in a hot clime

Will US economic growth subside before the onset of an inflationary spiral, asks Michael Prowse

Mr Alan Blinder, the vice-chairman of the Federal Reserve, has a homely way of explaining monetary policy: it is like trying to control the temperature of your home with a sluggish central heating thermostat. When it gets too hot, you turn down the thermostat. You get frustrated because nothing happens. So you keep on turning it down. Before long you are freezing...

The US economy was undeniably baking hot last year. Gross domestic product grew at an annualised rate of 4.5 per cent in the final quarter and by 4 per cent during the year as a whole – a marked acceleration from 1992 and 1993 when real GDP grew by 2.3 per cent and 3.1 per cent in real terms.

Since growth last year was higher than any plausible estimate of the economy's long-run potential, most analysts expect the Fed to signal another increase in short-term interest rates following a strategy meeting today and tomorrow. The consensus view is that the Fed will raise rates by a half point to 6 per cent. This would mark a doubling of rates since early last year when the Fed began to tighten policy.

But while nearly unanimous in accepting the logic of a rise this week, economists are sharply divided on the merits of a further significant tightening of policy. Many believe the economy is already decelerating in response to last year's rate increases. They fear the Fed could precipitate a recession next year if it moves too aggressively. To use Mr Blinder's analogy, it would have failed to allow for the economy's sluggish response to the monetary thermostat.

The "slowing already" school cites numerous signs of flagging growth. Last week's GDP figures showed a large increase in corporate inventories in the fourth quarter. The increase for the year as a whole was the biggest in a decade and accounted for about 1 percentage point of last year's growth. Some regard this as evidence that companies have over-estimated consumer demand and will have to trim production in coming months.

Consumers, meanwhile, are said to be suffering from fatigue. Preliminary reports showed retail sales were flat in the final two months of last year. After a buoyant 1994, the big US car companies are cutting production at some plants and revising down their optimistic sales forecasts. And although housing starts were stronger in December than most analysts expected, many indicators of housing activity, from mortgage applications to builders' surveys, are pointing down.

Citing these and other signs of flagging momentum, Mr Bruce Steinberg, a senior economist at Merrill Lynch, predicts that GDP will grow at an annualised rate of less than 3 per cent in the present quarter. Since nearly half the increase in consumer spending last year was financed by instalment credit, he expects consumption growth to drop to a sedate 2.0-2.5 per cent this year.

On this analysis, the Fed will be able to stop tightening soon, either after this week's expected move, or after one additional half-point increase, when short-rates reach about 6.5 per cent. Anything more would constitute monetary overkill.

Mr Alan Greenspan, the Fed chairman, gave qualified support to the "slowing already" thesis last week. He told Congress the economy was no longer growing at the "very torrid" pace of late last year, raising doubts in some quarters as to whether the Fed would move at all this week.

The notion that the economy is already settling into a slower, more sustainable phase of expansion, and that short-rates are thus near their peak, appeals to investors. It would mean that bond prices would not fall much further and might even recover ground later this year. Shares would also be more likely to maintain their value.

But such a luxuriously soft landing is far from certain; the evidence of slower growth is hardly conclusive. Inventories have certainly risen sharply, but economists at J.P. Morgan, the New York bank, point out that current levels of stockbuilding have been sustained for long periods in the past. The ratio of inventories to sales is still low by past standards.

Nor should too much be read into scattered signs of recent indigestion in the retail, car and housing sectors. Lulls in spending are to be expected in even the strongest expansions. Car sales and housing starts are running only slightly above the levels consistent with "normal" growth of income and population; there is thus little risk of contraction in these sectors. So far, the negative impact of increases in interest rates has been more than offset by rising consumer confidence, itself a reflection of buoyant employment growth: some 3.5m new jobs were created last year, quashing earlier talk of a "jobless recovery".

Strong economic upswings are typically hard to restrain. And this one is strong. Capital investment is growing faster than in any recent business cycle: corporate spending on equipment grew at an annual rate of 20.2 per cent in real terms in the fourth quarter and by 17.6 per cent during last year as a whole. Consumer spending on durable goods grew by 18.4 per cent and 8.5 per cent respectively.

Rapid growth of imports, a ballooning current account deficit (which may hit $180bn this year) and a persistently weak dollar suggest consumer and business demand is outstripping supply, as do conventional yardsticks of tightness in labour and product markets. The jobless rate fell from 6.7 per cent at the beginning of last year to 5.4 per cent in December, well below the 6 per cent rate generally deemed consistent with stable inflation. The rate of industrial capacity utilisation has risen sharply to more than 85 per cent, the highest since 1979, and well above the 83 per cent level often regarded as a threshold for higher inflation.

These are rough rules of thumb. As Mr Greenspan noted last week, capacity ceilings are flexible – up to a point. So far, rapid increases in the prices of raw materials and components have not fed through into consumer price inflation, which was under 3 per cent last year for the third year running. Wage growth also remains unusually subdued given the low jobless rate.

Those who maintain that little further tightening of monetary policy is needed are implicitly arguing that growth will subside of its own accord just before the economy hits traditional capacity constraints. The feared upward spiral in prices and wages will thus never occur.

But the economy may not prove so obliging. Mr Henry Kaufman, the bond market commentator, points out that short-term interest rates, at 5.5 per cent, are scarcely demanding by historical standards. Personal credit is readily available. Companies are awash with cash. Falling unemployment is boosting consumer confidence. Economic growth in the rest of the world is accelerating. All this suggests that the inflation outlook could deteriorate rapidly unless firm action is taken to restrain US growth: that could mean a rise in short rates to 7.5 per cent or more this year.

Mr Kaufman says the Fed should raise short rates by at least three-quarters of a point this week, if not a full percentage point. Mr Wayne Angell, chief economist at Bear, Stearns, the Wall Street firm, and a former Fed governor, agrees. He sees few signs of slower growth and does not expect to see any until monetary policy begins to bite. That point will be reached only when people are uncertain whether the next move will be up or down.

Given the lags in monetary policy, there is always a risk of tightening when growth has already begun to fade. But with a global upswing gathering speed and the US jobless rate already in the inflationary danger zone, the greater danger today is that the Fed will fail to raise rates quickly enough – as it has in most previous cycles. The economy, in other words, is hot because the monetary thermostat is still set too high, not because the adjustment process is sluggish.

Neighbourly dispute

Democracies, it is said, do not go to war against one another. Peru and Ecuador, however, whose armies are battling it out over their common border, seem to be doing their best to refute the hypothesis.

Their dispute over a stretch of their common border, known as the *Condor Cordillera*, like the dozens of other border disputes all over Latin America, is a legacy of Spanish domination of the region. Uninterested in areas where they believed there was no mineral wealth, the Spaniards paid little attention to marking borders accurately. Ironically, the disputed zone is believed to be rich in gold, uranium and oil deposits.

The fighting shows the extent to which the new-found willingness of Latin American governments to co-operate on trade and economic matters – they have agreed to negotiate a western hemisphere free trade zone by 2005 – has yet fully to overcome decades of mutual suspicion between neighbours.

An official Ecuadorean communique said Peru was guilty of "a renewed aggression in an expansionary conquest which begun as soon as Ecuador declared independence in 1830". Peru's foreign ministry in turn accused the Ecuadoreans of a "belligerent and aggressive" air attack on one of its guard posts in the Condor Cordillera.

The last major conflict was in 1941, when Peru invaded Ecuador. A 10-day war ensued, ending with the signing of the so-called Rio de Janeiro Protocol, which clearly defines the border between the two countries.

It is the January 29 anniversary of the signing of this protocol that regularly revives Ecuadorean nationalist sentiments and sparks border tensions.

Congresses of both Peru and Ecuador ratified the treaty and four countries – the US, Brazil, Chile and Argentina – accepted the task of being its "guarantors". Mapping of the Ecuadorean-Peruvian border was completed in early 1947 by the US airforce. Boundary markers were established along some 1,600km of frontier, but 78km in the *Condor Cordillera* stretch remained unmarked and this is where the dispute now centres.

Ecuador has subsequently argued that it was obliged to sign the protocol under duress, saying it received no support from other Latin American nations because the US was obsessed with getting backing in the war against Japan. Since 1950 it has dubbed the protocol as "impossible to execute" and lays claim to an area of around 130 square miles in what, according to the Rio Protocol, is Peruvian territory.

Whatever the immediate cause of last week's fighting, observers in both countries see evidence that the clashes are inspired by military establishments that face declining budgets. As in many other countries in the region, the armed forces of both countries are being deprived of resources as elected governments attempt to bring their budgets more under control.

In contrast to the general stereotype, most Latin American armed forces consume relatively moderate economic resources. According to the UN Development Programme, Ecuador's military spending accounted for 1.4 per cent of Gross Domestic Product in 1990-91, compared with 2.4 per cent in 1960, while Peru's accounted for 2.0 per cent against 2.1 per cent 30 years earlier.

Over the same period, Ecuador's military spending dropped to a quarter of that spent on health and education from 104 per cent in 1960. Peru's dropped to under 40 per cent from 59 per cent.

But neither government has been willing or able to undertake reforms to convert their armed forces into modern professional armies. For the senior officers, periodic sabre rattling at real or imagined enemies reinforces the case for a higher share of government revenues.

The gossip in Lima's middle-class neighbourhoods suggests that the Ecuadorean armed forces are firmly in the driving seat, propelling a reluctant but weakened President Duran Ballen into a more belligerent position than he would like to assume.

In Quito, some see the clashes as a result of the Peruvian army trying to justify its role, now that the battle against the terrorist group Sendero Luminoso has been almost won. Others suggest it is an electioneering tactic by President Alberto Fujimori, who faces a presidential poll in April and has been seen on television wearing fatigues.

In any case argue the Ecuadoreans, Peru's army is more than double the strength of Ecuador's: it has four times as many tanks. Its navy and airforce are substantially larger, both in terms of man and firepower. Why would their army start a war they would be bound to lose?

Most observers of the conflict still believe it can be sorted out relatively quickly as the January 29 anniversary passes. The Organisation of American States was to meet yesterday at Ecuador's request to discuss the issue.

With both countries seeking an image of democracy and stability to encourage foreign investment, the belligerents could soon see it in their interests to begin talking.

Additional reporting by Sally Bowen in Lima, Raymond Colitt in Quito and Sarita Kendall in Bogotá

OBSERVER

Pawnbroking consultants

■ "It feels like home," said Garry Kasparov in London yesterday, launching The Kasparov Consultancy. The world chess champion is now offering his services to western businesses keen not to burn their fingers in the turbulent corporate world of the former Soviet Union.

Kasparov saw a lot of London in 1993, when he outclassed Britain's Nigel Short in a marathon chess tournament. Kasparov obviously likes Britons; his manager, business partner, and chairman of the new consultancy is Andrew Page, as British as they come, as is Peter Smith, the consultancy's chief executive and former group managing director of the International Leisure group. Page yesterday hailed Smith as "probably the single greatest expert on Russian aviation in the world". Barring occupants of the CIA's Russia desk, no doubt.

Page met Kasparov in 1983, and set up The Muscovy Company in 1985, with Kasparov on board. One of their current projects is a planned series of TV dramatisations of KGB stories, employing a former KGB colonel as an adviser.

Kasparov says the venture "is not just about selling my name". Nor that much of his time; he reckons on still devoting about 75 per cent of his working days to chess.

Still, his name on the masthead no doubt helps open doors, not least to Boris Yeltsin, Russia's president. Now rather to the left of Yeltsin, Kasparov strongly backed Yeltsin both before and during the abortive August 1991 coup. You want to see Boris?

Doctor, doctor

■ If company doctors' reputations hang on the longevity of their patients, Kajo Neukirchen, Metallgesellschaft's chairman, will be taking more than a passing interest in the increasingly doddery state of Klöckner-Humboldt-Deutz (KHD).

Neukirchen was parachuted in to KHD by Deutsche Bank to rescue the German engineering company in 1987, and stayed there four years before moving on, satisfied presumably that his charge was back on the right road. His next assignment was Hoesch, where his skills were not properly tested since it was swallowed fairly soon after by Krupp. A year ago, Deutsche turned to him again to sort out the Metallgesellschaft mess.

With a reputation for aiding the sickly parts of corporate Germany, it might get a touch embarrassing if KHD actually goes under.

Davos deportment

■ For sheer elegance, the one-liners of Shimon Peres, Israel's foreign minister, take some beating. Expounding on politics and the Middle East at the Davos meeting of the world's bigwigs, Peres made clear his dislike of sound bites and opinion polls: "Television has made dictatorship impossible, but democracy unbearable," he said. Meanwhile, opinion polls are "like perfume. Nice to smell but dangerous to swallow".

Meanwhile, Davos seems to have induced a touch of modesty in otherwise ambitious politicians. Michael Portillo, the UK minister of employment and scourge of the European Union, attending Davos for the first time, was one of the few participants not to provide a photograph of himself for the fat little book listing all those at the forum. Morever, when he was introduced at a press conference as "Sir Michael Portillo" he corrected the speaker, saying: "No. Merely Mister."

Kidnap capers

■ Marcello Alencar, less than a month into the job of governor of Rio de Janeiro, obviously intends getting tough with the crime bosses who have been growing rich on a flurry of recent kidnappings.

Six people have been kidnapped already since he took office – compared with 58 in 1994 – and Alencar has asked the central government to outlaw the payment of ransoms and the freezing of family members' assets as soon as a kidnapping occurs. Italy tried a similar, and apparently successful, move in 1990.

Persuading central government to pass such a law will be difficult and will take time. The 14 people currently being held by kidnappers must be hoping their families come up with the money soon, in case Alencar succeeds in getting the statute book altered.

Flying high

■ Good old Volker Rühe, the German defence minister. For a while he's been pushing to have German Tornados sent to former Yugoslavia to help the UN. But because there's still plenty of opposition to the idea of German airmen flying around Europe, Rühe has come up with another idea – and sent three Tornados to help prevent rivers flooding western Germany.

Nobody quite knows why the Tornados are needed to photograph the flooding Rhine; but then practice makes perfect.

Little porkies

■ Asian stockmarket players are wondering if the advent of the Chinese year of the pig will bring good news. Prize for most optimistic forecast of events goes to a headline in a Bangkok English language newspaper: "Year of the porker will be a corker".

The Financial Times

100 years ago

Railway meetings
Mr Laing [chairman of the London, Brighton and South Coast Railway] dwelt yesterday upon two critical points of Home Railway finance – the increase in rates and taxes and the relations of labour and capital, which are complicated so far as the railways are concerned by the arbitrary interference of the Board of Trade.

If you shorten the hours of labour to the limits which possibly well-meaning but mistaken faddists insist on, you reduce the prospect of any increase in wages... And as the railway employee stands in an altogether exceptional position, so his case should be considered with reference to its special circumstances and not simply as a unit of labour in this great work-a-day world.

50 years ago

Plan for settlement
Preparations are now being made for the settlement of personal and commercial debts between persons and firms in Britain, Belgium, the Netherlands and Norway. In Britain, the money and assets will be collected in due course by the custodian of enemy property.

FINANCIAL TIMES
Tuesday January 31 1995

Franc faces bumpy ride to poll

International investors fear a divisive election campaign in France, writes John Ridding

Electoral contests spell turbulence for currencies, and the battle to succeed President François Mitterrand is no exception.

As the campaign gathers steam, the French franc faces bouts of anxiety.

A sharp fall at the end of last week pushed the currency to below FFr3.473 to the D-Mark, its lowest point for 14 months.

It stabilised yesterday in quiet trading, but economists predict further volatility before the election in the spring.

"The franc faces a bumpy ride as the campaign heats up," says Mr Jean-François Mercier, economist at Salomon Brothers, the US investment house.

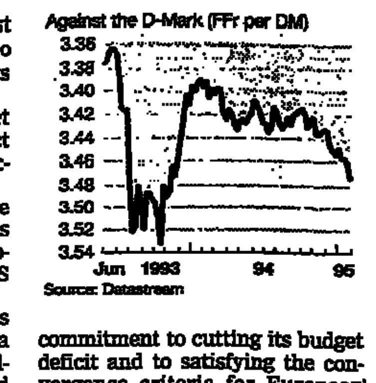
He argues that market jitters have been exacerbated by a broader shift to the D-Mark following the ordeals of the lira and the peseta.

The volatility and recent weakness of the franc reflect a series of concerns among international investors. They fear a bitter and divisive campaign as rivals try to narrow the gap on Mr Edouard Balladur, the prime minister and front-runner in the polls.

They are also wary of the lingering threat of corruption scandals which forced three resignations from Mr Balladur's government last year.

Investors are also weighing a series of sensitive issues of government policy. These include the French stance towards further European integration and its

French franc



Source: Datastream

commitment to cutting its budget deficit and to satisfying the convergence criteria for European monetary union.

The common thread behind these concerns is that what is bad for Mr Balladur is bad for the franc. "He is regarded as a safe pair of hands," says Ms Esther Baroudy, senior economist at Crédit Lyonnais in Paris.

The decision by Mr Jacques Delors, the former president of the European Commission, not to run as the Socialist party candidate has left Mr Balladur occupying the high ground of fiscal and monetary orthodoxy.

Over recent weeks he has sought to consolidate his image of one who is committed to budgetary rigour and anti-inflationary virtue. He has declared that France will be in a position to satisfy the conditions for monetary union by 1997, including budget deficit cut to a maximum 3 per cent of gross domestic product.

But Mr Jacques Chirac, a fellow Gaullist and Mr Balladur's principal rival in the polls has been more equivocal.

When he called for a referendum on monetary union at the end of last year he shook the foreign exchange markets. In spite of a retraction, doubts remain about his convictions. Further to the right of the political spectrum, Mr Philippe de Villiers and Mr Jean-Marie le Pen, the head of the extreme right National Front, do not try to conceal their hostility to the Maastricht project.

Mr Balladur has left such rivals trailing in his wake. But the size of his lead in opinion polls, which gives him a double digit cushion over all possible challengers in the second round run-off, has prompted fears of desperate attacks from his competitors.

"There is a risk of dirty tactics," says one currency economist. "People will be looking for skeletons in Mr Balladur's closet and claiming to find them even if they are not there."

On Friday, for example, traders blamed a sharp fall in the franc on reports of an illegal slush fund created to finance the Gaullist RPR party in the presidential polls.

But if the reaction demonstrated the sensitivity of markets to political rumours, however speculative, most economists point to a series of factors which will buttress the currency and limit declines. The fundamentals of the French economy have rarely been stronger, with GDP forecast to grow by almost 3.5 per cent this year and inflation stifled at an annualised rate of 1.6 per cent.

The election will be the first to be fought with monetary policy under the control of an independent Bank of France, while the reform of the European exchange rate mechanism after the currency crisis of the summer of 1993 has reduced the risk of speculative attacks.

"It used to be a one-way bet because the French authorities would have to support the currency at the old ERM floor," says an economist at Banque Indosuez. "That is no longer the case. So it is a much riskier proposition for an assault, particularly since a Balladur victory is likely to mean appreciation of the currency after the election."

THE LEX COLUMN

Deutsche stumbles again

Deutsche Bank has found itself embroiled in at least three embarrassing corporate debacles in as many years. Two years ago it was Metallgesellschaft, last year it was Schneider and now it is Kloeckner-Humboldt-Deutz. Its massive balance sheet can survive such shocks with relative ease, but its reputation has taken an undoubted knock.

The near collapse of KHD is in part another example of the weaknesses of German-style corporate governance. Deutsche Bank is KHD's biggest shareholder and biggest lender. The chairman of KHD's supervisory board has traditionally been a member of Deutsche's management board. Yet such closeness has not exactly helped the company prosper. Indeed, the security afforded by Deutsche's large shareholding has arguably contributed to the problem, by shielding KHD's management from the need to generate adequate returns for minority shareholders. What restructuring there has been over the past five years has clearly not been effective, and in the meantime management has been allowed make a commercial gamble by investing DM600m in a new diesel engine factory.

The KHD affair will increase the pressure on banks to scale back their engagement in German industry. The pressure comes chiefly from politicians but the banks themselves should now recognise that it will be in their own commercial interest over time to cut their direct equity participation in industrial companies.

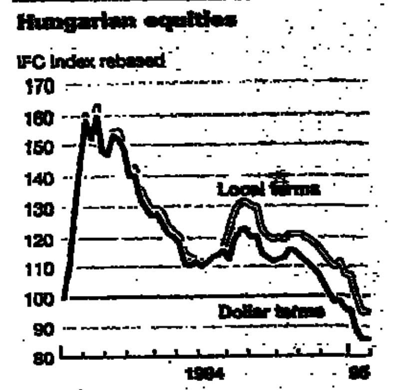
Hungary

Will Hungary go the way of Mexico? That is the danger according to Mr Laszlo Bekesi, Hungary's reforming finance minister who resigned at the weekend following a power struggle with the country's former communist prime minister. Superficially, the comparisons are stark: Hungary's foreign debt of $28bn is the highest per capita in central and eastern Europe. But if Mr Bekesi is warning of an imminent financial crisis, the danger is overstated. Unlike Mexico, which relied heavily on short-term "tesobonos", only a small proportion of Hungary's debt is payable within the next year. The country's $7bn hard currency reserves – equivalent to more than five months of imports – mean that it can weather short-term difficulties.

Still, Hungary could face a crisis in the longer run if the government's grip on an already difficult economic

FT-SE Eurotrack 200: 1363.0 (-7.1)

Hungarian equities



Source: Datastream

situation slips. Mr Bekesi was trying to tighten fiscal policy to shrink Hungary's current account deficit, which stood at $4bn or 10 per cent of GDP last year. He was also pressing for swift privatisation of utilities in order to raise cash to plug the deficit. The risk is that Mr Gyula Horn, the prime minister, will now adopt the populist course of avoiding budget cuts and delaying privatisation. Moreover, if foreign investors become scared, direct investment could dry up and the central bank could find it hard to replenish its reserves by issuing bonds. Hungary's reserves may now cushion it from crisis, but they could easily be depleted.

Kingfisher

Successful retail regeneration tends to involve a fair degree of corporate shrinkage: witness Next and Storehouse, both of which are now thriving after breaking themselves up and returning to basics. Up to a point, Kingfisher could do with the same treatment.

The group has become an unfocussed retail conglomerate. There was a time when the sheer variety of businesses was in itself no handicap: the central management team could claim legitimately that it had skills which could add value to retail businesses whatever the sector. However, that is no longer the case. Sir Geoffrey Mulcahy, the group's newly demoted chief executive, should thus be prepared to sell off parts of the empire which he created if that is an effective way of creating value for shareholders. There is one obvious candidate for disposal: Comet, which is struggling in a fiercely competitive market and yet could find a buyer among regional electricity companies, keen to expand in electrical retailing.

Thereafter, though, it is not so easy to identify what should be sold and what kept. With gearing of some 40 per cent, Kingfisher is not under severe financial pressure and is under no obligation to make fire-sales. Moreover, there is no point in selling off the stronger businesses, such as Darty or B&Q, simply to be left with the weaker Woolworths at the core. There will thus be no quick fix at Kingfisher: painstaking labour to rebuild Woolworths as a retailer will be as important a part of the group's revitalisation as disposals.

Northern Electric

Statistical horsetrading over Trafalgar House's £1.2bn offer for Northern Electric has become somewhat of a sideshow. Only Mr Michael Heseltine, trade and industry secretary, can spark life back into this bid, and his decision on possible referral to the Monopolies and Mergers Commission will not emerge until next week at the earliest. In the meantime, Trafalgar's latest circular probably says more about the bidder itself. Trafalgar plans to revalue its target in line with Northern's latest current cost accounting, adding £340m to its assets. This would substantially cut Trafalgar's reported gearing after a deal to 51 per cent. But the downside would be depreciation of a larger asset base. This would knock over £10m off annual profits, reducing the boost to Trafalgar's reported earnings per share from the well publicised tax benefits from a deal.

The fact that Northern's share price is 8 per cent below Trafalgar's cash offer reflects the expectation that such sums may be irrelevant, due to an anticipated MMC referral. Much of this revolves around concerns in Newcastle about control moving to a south of England company with Hong Kong connections. The irony is that if Trafalgar's operations had a much stronger French, German or Italian bias, its offer would be examined in Brussels. Since the European Commission's focus is narrowly on competition issues, there would be no chance of the deal being hindered by UK "public interest" concerns. So much for the level playing field.

Additional Lex Comment on UK companies pages

Deutsche Telekom

Continued from Page 1

should be complete by this autumn.

The pressures on the minister reflect concerns within the industry over the Bonn coalition's ability speedily to formulate a regulatory framework and new legislation.

These would have to be acceptable to both the Bundestag, where the coalition has a majority of only 10, and the opposition-dominated upper house, where the rights of the individual Länder are zealously guarded by an opposition majority.

Flood waters go on rising

Continued from Page 1

barges were at a standstill yesterday after the Netherlands and Germany closed inland rivers to shipping. No barge movements were expected until at least Friday. In Belgium, no boats were allowed to travel between the northern towns of Bruges, Ostend and Ghent.

Insurance claims from the latest floods are likely to be substantial. Insurance companies yesterday said preliminary indications suggested that losses might compare to those of December 1993 when floods affected large parts of Europe.

UK foreign minister 'not under threat over Europe'

By Robert Peston, John Kampfner and Kevin Brown

The UK prime minister's office said yesterday that Mr Douglas Hurd's future as foreign secretary was "under no threat" and accused Conservative Eurosceptics of running a campaign to destabilise him.

After a day of widespread speculation that the cabinet's delicate unity on Europe may be close to breaking, Mr Hurd said in a series of interviews that he remains committed to overseeing the government's strategy for next year's Intergovernmental Conference on the future of the EU.

Mr Hurd said: "I look forward to going on tackling them [the many aspects of his work at the Foreign Office]".

He also accused Eurosceptics of running a campaign against him.

A senior Tory Eurosceptic said that there was "a widespread view that Douglas should go now". Mrs Teresa Gorman, one of nine Conservative rebel MPs stripped of the party whip at the end of last year, described Mr Hurd as "yesterday's man".

However, a close aide of Mr Hurd said the pressure only reinforced his determination to stay: "Douglas has made no decision at all about when he wants to go," the aide said.

Meanwhile, the nine Conservative rebel MPs said the more


John Major: Douglas Hurd was "under no threat"

sceptical line being adopted by the cabinet on the EU did not yet meet all their concerns. They also ridiculed the assertion by Lord Howe, former foreign secretary, that the prime minister's more sceptical EU policy was pandering to them.

"The mood music is fine," said Mr Tony Marlow, one of the rebels. "But music can be turned up or down at will."

Another rebel, Mr John Wilkinson, added: "We must nail them down to at least some specific points. We need hard, concrete, bankable guarantees."

Mr Malcolm Rifkind, the defence secretary, yesterday slightly elaborated policy agreed by the cabinet last week when he said there was no possibility of the UK surrendering its sovereignty over defence policy.

"The basis of future security structures will . . . be that action in the defence field should be intergovernmental, based on co-operation between national states, and not dictated by supranational bodies."

In a keynote speech setting out Labour's approach to the intergovernmental conference, Mr Robin Cook, shadow foreign secretary, ridiculed the cabinet's agreement to veto constitutional change as a desperate move to rebuild Conservative unity.

But Mr Cook ruled out a common EU foreign and security policy, and warned that Labour would not accept the Maastricht criteria for economic and monetary union.

"Europe must be a community of free member states. Labour rejects the concept of a European super state. The EU must be based on a sharing of national interests, and not on the surrender of national identity," he said.

The tone of Mr Cook's comments reflects concern among Labour strategists that Mr John Major will seek to fight the next general election on a nationalist platform, portraying Labour as the party of European federalism.

Editorial Comment, Page 19

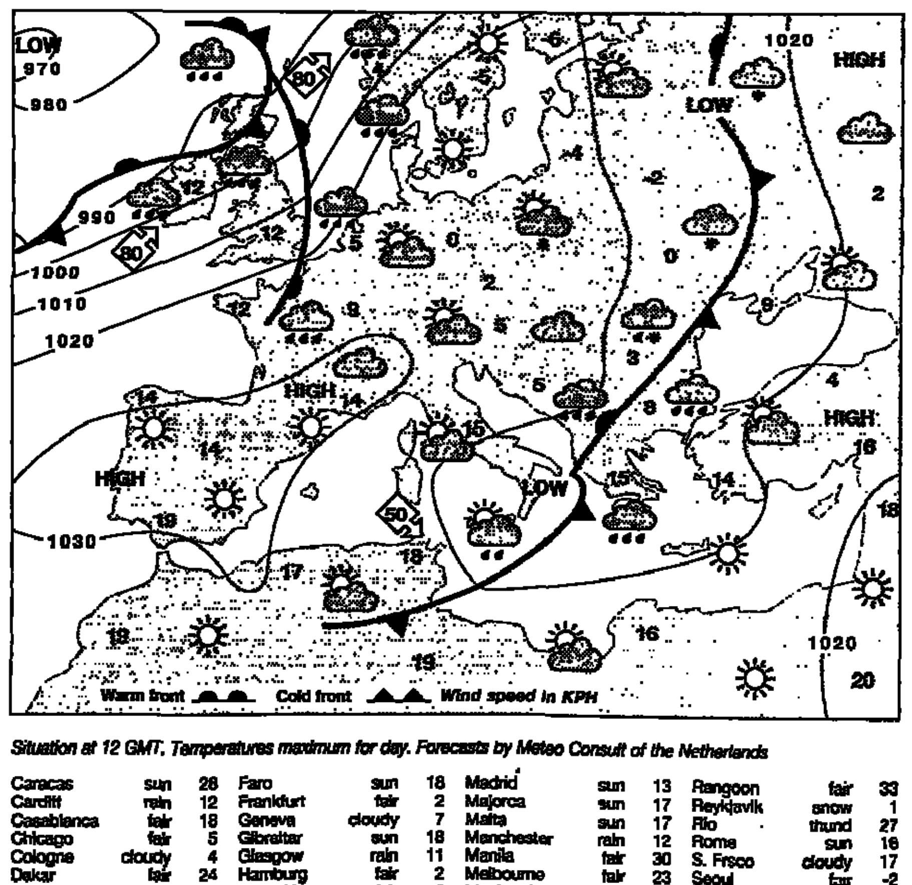
FT WEATHER GUIDE

Europe today

Moist and mild air will move east over the British Isles. Temperatures will be above 10C with plenty of rain, especially in Scotland and Ireland. A severe gale is expected for Ireland. Rain will reach the Low Countries and western France later in the day. Meanwhile, high pressure over central Europe will bring rather sunny conditions to Poland, the Alps and Italy with a slight risk of snow showers in the Alps. High pressure will dominate Spain and Portugal where abundant sunshine is expected. South-east Europe will have rain and Turkey will have a mixture of sun and cloud with a risk of showers.

Five-day forecast

A lot of rain is expected in northern France, the British Isles, the Low Countries and Germany with continued risk of flooding. Spain and Portugal will stay settled with abundant sunshine, although on Wednesday a band of cloud will cross the area giving light rain in the north-west. High pressure will dominate the Balkans with sunny conditions from Hungary southwards to Bulgaria. Rain is expected in Greece and Turkey, but more settled conditions will prevail from Thursday.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Maximum Celsius

			Beijing	fair	0	Caracas	sun	28	Faro	sun	18	Madrid	sun	13	Rangoon	fair	33
			Belfast	rain	12	Cardiff	rain	12	Frankfurt	fair	2	Majorca	sun	17	Reykjavik	snow	1
Abu Dhabi	fair	23	Belgrade	cloudy	4	Casablanca	fair	18	Geneva	cloudy	7	Malta	sun	17	Rio	thund	27
Accra	sun	32	Berlin	fair	1	Chicago	fair	5	Gibraltar	sun	18	Manchester	rain	12	Rome	sun	16
Algiers	shower	17	Bermuda	rain	20	Cologne	cloudy	4	Glasgow	rain	11	Manila	fair	30	S. Frsco	cloudy	17
Amsterdam	rain	6	Bogota	fair	20	Dakar	fair	24	Hamburg	fair	2	Melbourne	fair	23	Seoul	fair	-2
Athens	shower	16	Bombay	sun	34	Dallas	sun	19	Helsinki	fair	-6	Mexico City	fair	21	Singapore	shower	31
Atlanta	sun	10	Brussels	rain	6	Delhi	sun	23	Hong Kong	cloudy	14	Miami	shower	20	Stockholm	sun	-5
B. Aires	fair	28	Budapest	sun	5	Dubai	fair	23	Honolulu	fair	28	Milan	fair	11	Strasbourg	fair	6
B.ham	rain	12	C.hagen	sun	-2	Dublin	rain	13	Istanbul	shower	11	Montreal	snow	-1	Sydney	shower	23
Bangkok	fair	34	Cairo	fair	19	Dubrovnik	fair	13	Jakarta	shower	30	Moscow	snow	1	Tangier	fair	18
Barcelona	sun	16	Cape Town	sun	27	Edinburgh	rain	10	Jersey	cloudy	13	Munich	cloudy	2	Tel Aviv	fair	19
									Karachi	sun	29	Nairobi	fair	27	Tokyo	cloudy	8
									Kuwait	sun	21	Naples	fair	14	Toronto	snow	2
									L. Angeles	sun	23	Nassau	shower	25	Vancouver	rain	12
									Las Palmas	fair	22	New York	cloudy	7	Venice	sun	10
									Lima	cloudy	27	Nice	sun	15	Vienna	sun	5
									Lisbon	sun	17	Nicosia	fair	17	Warsaw	snow	-1
									London	rain	12	Oslo	sun	-4	Washington	fair	8
									Lux.bourg	cloudy	3	Paris	shower	9	Wellington	cloudy	17
									Lyon	fair	6	Perth	sun	29	Winnipeg	fair	-1
									Madeira	fair	19	Prague	fair	0	Zurich	fair	5

FINANCIAL TIMES
COMPANIES & MARKETS
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IN BRIEF

US Steel returns to black for year

US Steel, America's biggest integrated steelmaker, reported net earnings of $90m in the fourth quarter to the end of December, compared with $37m before one-off gains the year before. Page 23

Strong growth for Hughes and EDS
GM Hughes Electronics and EDS, two wholly owned subsidiaries of General Motors, reported strong growth in full-year earnings of 17 per cent and 14 per cent respectively. Page 26

Usinor Sacilor presses for privatisation
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Schneider confident of strong growth
Schneider, the French electrical engineering group, expects a significant increase in profits this year, according to Mr Didier Pineau-Valencienne, chairman. Page 20

Mail order investment in eastern Germany
Quelle, Europe's largest mail order group, has its sights trained on eastern Germany with a DM1bn ($600m) investment in a Leipzig warehousing project due to come on stream this month. Page 24

Proton drives beyond Malaysian borders
Proton, the Malaysian carmaker, has just launched a joint venture to build a Proton manufacturing facility near Manila – its first such plant outside Malaysia. Page 23

Daiei to post Y25bn loss after Kobe quake
Daiei, Japan's largest retailer, said it would post a net loss of Y25bn ($252m) in the current financial year to February, largely as a result of the earthquake that devastated the Kobe region two weeks ago. Page 23

One lump or two . . .
Over the next few months European agriculture ministers try to reach agreement on future levels of the EU sugar quota. Page 27

Ganging up on the greens
Leading north American publishers plan to join forces with the forest products industry to blunt environmental protests against forestry practices in the US and Canada. Page 27

Emerging market offers delayed
Planned equity issues for a Pakistani cement project and a Philippine shipping company have been postponed amid continuing nervousness overhanging the emerging markets. Page 28

Trafalgar attacks Northern's costs
Trafalgar House has attempted to cast doubt on the independent future of Northern Electric, target of its hostile £1.2bn ($1.9bn) bid, by attacking the quality of the utility's rapidly growing non-core businesses. Page 25

Filtronic trebles interim profits
Shares in Filtronic Comtek, the manufacturer of components for the cellular mobile telecommunications industry, rose 20p to 189p after it reported trebled interim profits. Page 25

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Asko Prf	645	+	25
Douglas	440	+	16
Kaufhof	460	+	11
Vag	499	+	11.4
Falls			
Asko	685	–	10
Zanders Feinpap	219	–	14
NEW YORK ($)			
Rises			
Promus	33½	+	2¼
Falls			
Alcoa	78¾	–	2⅝
Dow Chem	61⅞	–	⅞
Georgia Pac	72¾	–	1¼
Intl Paper	71⅛	–	1⅞
Telmex	31⅛	–	1⅝
LONDON (Pence)			
Rises			
Kingfisher	424	+	16
Southend Prop	47	+	5
Falls			
ACT	74	–	18
Courtaulds	407½	–	18½
Ero	243	–	20
TSB	235	–	8
TORONTO (C$)			
Rises			
Bowal	11½	+	1
Great Pacific	22¼	+	1⅛
Falls			
Cominco	22	–	1⅛
Franco-Nevada	63	–	2¼
Potash	51⅛	–	1⅜
Spectral Diag	28	–	1¼

PARIS (FFr)			
Rises			
Eridania B-Say	708	+	19
Intertechnique	535	+	10
Falls			
CGIP	962	–	27
Canal Plus	776	–	12
Interbail	340	–	10
UFB Locabail	350	–	11
TOKYO (Yen)			
Rises			
Aoki	623	+	100
Ind Bk Japan	2680	+	300
Mitsui Fudosan	1080	+	101
Obayashi	842	+	96
Sumitomo Realty	643	+	100
Taisei Prefab	1330	+	200
HONG KONG (HK$)			
Rises			
Guoco	28.7	+	0.9
IMC	6.8	+	1.3
Semi-Tech	14.15	+	1.1
Falls			
Dao Heng Bank	17.05	–	0.5
Television B'd	27.7	–	1.1
Wing Lung Bank	40.5	–	1.1
BANGKOK (Baht)			
Rises			
Alphatec Elec	430	+	24
Loxley Pub	396	+	12
Precious Ship	258	+	18
Siam City	382	+	12
Falls			
Mutual Fund	532	–	32
Siam Cement	288	–	12

New York & Toronto prices at 12.30.

Promus bets on Harrah's casino demerger

By Maggie Urry in New York

Promus, the US gaming and hotels group which owns Harrah's casinos, is to divide itself into two, in the hope that each business will gain "the recognition it deserves, and thus expand its individual growth prospects".

The demerger takes the opposite tack to last month's consolidation in the industry when ITT, which owns the Sheraton hotel chain, paid $1.7bn for the Caesars World gaming business.

It also comes against a background of expansion for the casino industry in North America. Tight restrictions on gaming in the US have in the past limited expansion. But these are now being loosened, for instance after legal rulings and referendums last November which legalised gambling in new jurisdictions.

Gaming shares have not been strong performers, however, as investors fear that the cost of expansion will be heavy and that there may be insufficient gamblers to fill new casinos. Promus recently had to pay a high interest rate of 14.25 per cent on bonds issued to finance a $730m project to build a casino in New Orleans, with bondholders due to receive 7.25 per cent of the cashflow from the casino as well. Promus said the demerger would allow each business to "be free to grow at its own rate, with no internal competition for time, resources or capital". The shares jumped $2 to $33¾ after the announcement.

The move will result in two quoted companies, with Promus retaining the gaming activity and changing its name to Harrah's Entertainments. Its shareholders will receive one free share in the hotel business, to be called Promus Hotels, for every two Promus shares they hold. The deal is expected to be completed by the middle of this year.

Promus was itself formed as the result of a spin-off from Holiday Corp in 1990, when its former parent sold its Holiday Inn chain to Bass, the UK brewer, in a $2bn-plus deal. Since then the casino business has dominated the group. Pro forma figures show the new casino company would have earned net income of $99m in 1994, had the demerger been in effect at the start of the year, while the hotel side would have earned $32m.

The gaming side runs 15 Harrah's casinos in eight states. The hotel operation has 560 properties, mostly franchised, under the Embassy Suites, Hampton Inn and Homewood Suites names.

Mr Michael Rose, chairman of Promus who will be chairman of each of the new entities, said each needed "the full attention of a dedicated corporate management team". He said the hotel chain was now of a size to stand alone, while the casino business was demanding increasing capital and managerial investment.

UK drugs rivals try to seize the initiative in bid

By Daniel Green and David Blackwell in London

Glaxo Holdings and Wellcome are to publish their profits figures ahead of schedule in an attempt to gain the initiative in their propaganda war.

Glaxo, which has mounted a $14bn-plus hostile bid for Wellcome, is set to announce its interim results next week, up to 10 days ahead of a scheduled February 16 date. It would simultaneously publish its offer document. This would effectively start a three-week countdown for Wellcome to find a friendlier rival bidder because Wellcome Trust, the charitable foundation which owns 39.5 per cent of Wellcome, is to enter into an irrevocable commitment to sell its stake to Glaxo, provided no better offer is made with 21 days of the document being posted.

Wellcome may publish its results as early as this week. It has not announced a date and, officially, it is still planning to reveal its profits for 1994 on March 1. The results could be difficult to interpret, in part because the company is moving from an August year-end to a calendar year. It plans to publish 12-month and 16-month figures.

On top of that, the figures should show a contribution from Warner Wellcome, the joint venture with Warner Lambert of the US established last year.

Mr Peter Laing, pharmaceuticals analyst in London for Salomon Brothers, said "I'm forecasting pre-tax profits of £700m ($1.1bn), but comparisons with Wellcome's previous numbers will be confusing. Gauging underlying growth will be tricky." Glaxo's pre-tax profits for the half year to December 31 should be £1.08bn, according to forecasts by Mr Ian Smith, an analyst at Lehman Brothers, also independent in the bid.

Mr Laing said both sets of results could contain bad news.

Glaxo will confirm that sales of its top-selling drug Zantac, an ulcer treatment, fell for the first time since its launch in 1981.

Wellcome could reveal that sales growth of its best seller, Zovirax, a herpes virus treatment, had slowed.

The two companies are also set to clash at an Aids conference in Washington tomorrow when the results of trials on a drug called 3TC will be published. Glaxo owns 3TC but has no other Aids products. Last year it said it planned for Wellcome to license 3TC to be used alongside Wellcome's established Aids treatment AZT, or Retrovir. As clinical trials progressed, it appeared that 3TC was performing above expectations. Glaxo decided not to proceed with licensing.

Meanwhile, figures emanating from the Wellcome camp at the weekend wrongly suggested that the Glaxo offer was less generous than other recent bids in the sector in terms of a multiple of revenues. The figures, reported in yesterday's Financial Times, actually gave the multiple against book value. They are now said to have been wrongly derived from an independent US analyst. The multiple against revenues was incorrectly said to be more than six times for last year's $10bn acquisition of American Cyanamid by American Home Products, and more than four times for Roche's $5.3bn acquisition of Syntex. The correct figures are 2.2 and 2.8 times respectively.

The multiple in Glaxo's bid, based on Wellcome's sales to the end of June 1994, and adjusting for cash in the balance sheet, is 3.8 times.

Richard Waters reports on the performance of Fidelity mutual funds

Departures swing the spotlight on to the quiet giant

Fidelity Investments, the Boston-based giant of the US mutual funds business, is discovering that size can also have its drawbacks.

A privately owned firm whose publicity shy chairman, Mr Ned Johnson, inherited the business from his father, Fidelity has unparalleled market clout. By the end of last year, it had $275bn in its mutual funds: total assets topped $400bn.

Even in the fast-growth world of US mutual funds, those numbers are remarkable. In the 10 years to the end of 1994, the assets of all US funds climbed six-fold to nearly $2,200bn: Fidelity's own assets grew by a factor of 11.

Yet over that decade, Fidelity has rarely received the sort of attention that its size justifies. Any attention has focused on the group's investment performance, particularly that of its flagship Magellan fund, which with $35bn of assets is the US's biggest mutual fund.

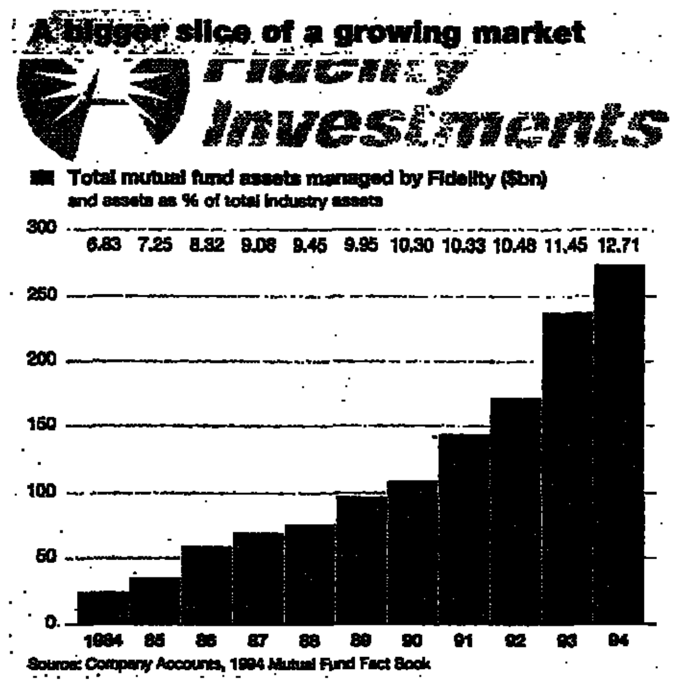
Such market power could not exist in relative obscurity for long. Events in recent months have turned the spotlight on to the mutual fund business in general, and Fidelity in particular.

"Whatever we do commands much more attention," says Mr Roger Servison, head of the funds group's retail business.

When Magellan said late last year that it was not planning to pay a year-end dividend – despite earlier indications that it would – stock markets wobbled. Was Magellan short of cash, a sign perhaps that US mutual fund investors were liquidating their holdings?

Fidelity blamed the episode on a simple error: an accountant had left out the minus sign when transcribing a capital loss of $1.3bn, turning it into a capital gain. That echoed an episode from last summer, when Fidelity admitted that it had submitted the wrong closing prices for publication on a large number of its funds. An administrative error had meant that up-to-date prices were not available, and a clerk had "panicked" and submitted old figures, the company said.

A bigger slice of a growing market



Source: Company Accounts, 1994 Mutual Fund Fact Book

Such episodes hint at uncomfortable questions for the US mutual fund industry. Have internal controls failed to keep pace with growth – and has the industry become too big for outside regulators to supervise?

The Securities and Exchange Commission, facing constant budget constraints, has little more than 300 people to regulate mutual funds – compared with more than 3,000 bank examiners in the US.

A year ago, the mutual fund industry was caught off-guard by an investigation into investments made by fund managers for their own accounts. Most fund groups had failed to develop internal guidelines for such trading. The industry banded together and developed consistent rules for personal dealings by fund managers – but not before earlier lax policies had been exposed.

The latest round of publicity to hit Fidelity has reached closer to the heart of its business – its investment performance. Last week, the group lost the head of its fixed income division, Mr Thomas Steffanci, and one of its most highly-regarded fund managers, Mr Robert Citrone, from the emerging markets funds.

According to Fidelity, the departures were coincidental, and were not prompted by the investment record of the firm's bond funds. But the group's fixed income division performed poorly last year. "They got the direction of interest rates wrong, and they got Mexico and other Latin American markets wrong," says Mr Michael Lipper, head of Lipper Analytical Services, which tracks mutual fund performance.

The weakness on the fixed income side comes after a lacklustre year in Magellan fund's performance. Last year, in a flat market for US stocks, Magellan underperformed the market by 2 percentage points.

One year of unspectacular performance will not dent Fidelity's reputation. And, says Mr Servison, good investment performance, while important in winning new customers, is not the main factor in keeping them.

Future growth, at least in the US, will not be so easy. New cash flowing into funds has added around 15 per cent a year to assets this decade, estimates Mr Servison: in future, due to the high level of market penetration already achieved, that will slow to around 6 per cent.

Instead, Fidelity is pinning its hopes for growth elsewhere: on the broking and capital markets business, and on growth outside the US.

Last year's record profits – the company will not disclose the figures for several more weeks – stemmed in large part from the activity of its discount broking business, which accounts for around 4 per cent of all retail share trading in the US.

That business could become the foundation on which Fidelity grows a stronger international operation. Mr Gordon Watson, president of Fidelity's brokerage business, talks of creating "seamless and efficient access" to all the world's markets for retail and institutional investors.

Such high-flown ambitions seem to echo the sort of grand – and ultimately unsuccessful – plans laid by many banks and broking firms in the early 1980s. The difference now, according to Fidelity, is that technology has made the vision possible.

Says Mr Watson: "Europe in particular, and ultimately Asia, represent growth opportunities over a decade or so that are potentially equal to or greater than those in this country."

Argentaria gains option to take 10% Telefónica stake

By Tom Burns in Madrid

Argentaria, the partially privatised Spanish banking group, has gained an option to buy up to 10 per cent of the cellular telephone business of Telefónica, the government-controlled telecommunications operator.

Argentaria views yesterday's agreement as the first step in its involvement in Telefónica as the telecoms group undergoes a major internal reorganisation to meet the private sector challenge created by domestic deregulation of the sector.

Mr Francisco Luzón, Argentaria's chairman, said: "I have let Telefónica know that as well as investing in its cellular business we are ready to become a core shareholder in the parent company." Analysts believe the banking group could be preparing to purchase part of the 32 per cent Telefónica stake that is owned by the Patrimonio del Estado, the Finance ministry's industrial holding company.

Telefónica's cellular business, one of eight divisions that is being created by the reorganisation, is to compete with a network to be operated by AirTouch of the US and which will be backed by Banco Santander and Banco Central Hispano, two of Argentaria's main rivals.

No financial details were released about Argentaria's agreement in part because the valuation of Telefónica's mobile telephone division, by the US investment bank Merrill Lynch, has still to be completed.

The alliance between the two government-backed institutions is expected to foreshadow similar arrangements between Argentaria and other state-controlled groups including the electricity generator Endesa and Repsol, the petrol, gas and chemicals conglomerate.

Endesa and Repsol, respectively 65 per cent and 45 per cent government-owned, are candidates for further share sales this year but the depressed state of the market is likely to delay a repeat of their past global offerings and prompt a move by the government to place a proportion of their equity among institutions like Argentaria which come under the state's umbrella.

Mr Luzón said the acquisition of significant equity in selected companies was justified by Argentaria's strategy to invest in the telecommunications and the distribution sectors.

He added that any government disposal of Argentaria equity before the summer would be "highly unlikely".

Novo buys $5m genetics stake

By Daniel Green in London

Danish drugs company Novo Nordisk has invested $5m in the UK's leading breeder of genetically engineered animals, PPL Therapeutics. The 8 per cent stake values PPL at more than $60m.

PPL, formerly called Pharmaceutical Proteins, alters the genes in mice, sheep and cows so that complex molecules to be used in medicine are produced in the animals' milk. Novo Nordisk has the right to invest another $5m to double its stake.

Novo and PPL are working on four proteins including protein C, a potential blood clot buster, and fibrinogen, used in wound healing.

Novo is the latest big pharmaceutical company to pay large sums to PPL. Three years ago, Germany's Bayer agreed to pay more than £10m ($15.6m) for the rights to a chemical, alpha-1-antitrypsin (AAT), produced by a sheep called Tracy.

Tracy has now retired. In her place is a flock of 60 genetically engineered sheep whose milk contains on average 1.5 per cent AAT. That would make one litre of sheep's milk worth up to $1,500. About one in 2,000 people has an AAT deficiency and heightening the probability of lung disease.

PPL's AAT is likely to enter clinical trials next year.

PPL also has contracts with Wyeth, part of American Home Products, and a US biotechnology company called Zymogenetics.

Mr Ron James, managing director, would have liked to float the company on the stock exchange. "But conditions aren't right for flotation, especially for a science-based company like us," he says.

He added that banks had been unwilling to lend cash.

Instead, the company, now with 65 employees, is seeking to raise between £5m and £10m privately.

PPL is 90 per cent owned by nine venture capital organisations, four in the UK and others in the US, France and Japan. Novo is the 10th corporate investor with the balance of shares held by the company.

PPL differs from many biotechnology companies in that it makes rather than develops new drugs.

Usinor Sacilor presses its case for privatisation

By John Ridding in Paris

Usinor Sacilor, the French state-owned steel group, is pressing its case for privatisation, claiming that the government should capitalise on the upturn in the industry to implement a sale.

"We are in a cyclical sector. Financial circles are therefore saying to the state that if you want to privatise in the best conditions possible, don't wait for the results of Usinor Sacilor to be even better," said Mr Francis Mer, chairman, in an interview at the weekend.

He estimated that the group would be worth more than FFr20bn ($3.8bn), but stressed that the valuation of the company was a matter for the privatisation commission, an independent body which advises the government on the sale of public sector assets.

A company official stressed yesterday that decisions concerning the timing of privatisation were up to the company's state shareholder.

Usinor Sacilor is one of 21 companies slated for sale or already sold by the centre-right government of prime minister Mr Edouard Balladur. Its credentials as a privatisation candidate have been strengthened by a return to profit in the first half of last year, when the company reported a net result of FFr471m. Steel industry analysts expect a further increase in the second six months.

Industry observers rule out any privatisation or flotation of Usinor Sacilor's shares before this spring's presidential polls. They add that the steel group must await a number of other privatisation issues. These include Seita, the tobacco group; Bull, the computer manufacturer; and, possibly, Renault, the motor group which was floated last year.

The sale of the steel group would also be a complex operation. It has debts of about FFr20bn and comprises several troubled activities, notably its long products business. As a result, industry analysts have suggested that privatisation would coincide with a capital increase or that the company could be sold in parcels. However, Mr Mer has denied that the flotation of Ugine, its stainless steel division, serves as a model for future operations.

Currency brokers quit Matif

By Andrew Jack in Paris

Matif, the French financial futures exchange, yesterday suffered a blow with the announcement that six of the broker firms which joined its new currency options markets last year had withdrawn.

The exchange listed 10 brokers which had agreed to trade in dollar-franc and dollar-D-Mark options contracts for 1995, including one firm joining for the first time, Paresco.

However, last year there were 15 brokers at the time the contracts were launched in May 1994, of which six have withdrawn. These include BZW, PaineWebber and Indosuez.

The resignations come at a time when the volume of options traded has been relatively low.

A total of 300,000 options were traded between the two sets of currencies last year, which Matif said allowed it to gain market share.

The organisation refused to provide explanations for the resignations of the brokers and called the first few months of the contracts "encouraging" at a time when volatility was low in the markets concerned.

It said in an official statement "certain developments are under study with a view to promoting proper development of these products in concert with our associated brokers' activity," but refused to elaborate.

Great-West Life increases net by 23%

Great-West Life, the North American life insurer controlled by Montreal's Power Financial, increased 1994 net profit to C$187.4m (US$132m) or C$2.38 a share, up 23 per cent from C$152.1m, or C$1.93, in 1993, **writes Robert Gibbens in Montreal.**

Total revenues were C$6.07bn, up 15 per cent.

The lower Canadian dollar helped, but life insurance business was up 30 per cent, health 25 per cent and annuities ahead 38 per cent.

Sharp rise in turnover at Hochtief after takeover

Hochtief, Germany's second biggest construction company, reported a strong rise in turnover following its takeover last year of Ballast Nedam, the Dutch construction company, **writes Michael Lindemann in Bonn.**

Turnover in 1994 rose 31 per cent to DM10.5bn ($6.9bn), up from DM8bn the year before. New orders rose 12.6 per cent to DM11.6bn while orders on hand increased 12.4 per cent to DM10.4bn. The company's profits will be published with the full results in May.

Hochtief has a 20 per cent stake in Holzmann, Germany's biggest construction group, and is seeking to raise its stake to 30 per cent giving it a minority blocking stake.

Holzmann has vowed to fend off Hochtief's advances, maintaining that co-operation between the two would lead to too much concentration in the German construction market.

The federal cartel office sided with Holzmann but Hochtief last week said it would take the issue to court, saying the cartel office's examination of the market was "mistaken".

Schneider confident of strong growth

By John Ridding

Schneider, the French electrical engineering group, expects a significant increase in profits this year, according to Mr Didier Pineau-Valencienne, chairman.

He struck an upbeat note about the company's prospects, in an interview with Les Echos, the French financial daily. His optimism was based on strong demand from industrialising economies and a recovery in investment in developed markets. He said the group should be able to double last year's net profits by 1997-98.

Company officials declined to indicate the level of 1994 profits. But Schneider has previously indicated that its net result would rise by more than the 58 per cent increase, to FFr345m ($65.8m), achieved in the first half of the year. In 1993, Schneider reported net profits of FFr405m.

The Schneider chief rejected the possibility that he might stand down as a result of his involvement in a Belgian corruption investigation. Last year, a magistrate investigating alleged discrimination against minority shareholders in two of the group's Belgian subsidiaries issued an international arrest warrant for Mr Pineau-Valenciennes. As a result, the Schneider chairman, who firmly rejects any wrongdoing, has been unable to leave France.

According to Mr Pineau-Valencienne, there is no need for reorganisation of the company's management, nor to designate a successor. Difficulties in running the group had been overcome through the use of video-conferencing and the decentralised nature of Schneider's management.

Nr Pineau-Valencienne said he hoped an independent audit of the two Belgian subsidiaries would elucidate the case. According to Schneider, the audit clears the chairman of wrongdoing. But it raises questions about the removal of funds of FFr39bn from the subsidiaries on the orders of Mr Jean Verdoot, the late chairman of the subsidiaries.

Nomura mounts siege on funds

Action draws admiration and anger from local Slovakian investors

Vincent Boland in Prague examines the Japanese group's bid to break up Slovakia's biggest investment fund

Nomura International's attempt to break up Slovakia's biggest investment privatisation fund and use some of its assets to create a new fund aimed at foreign investors has drawn equal measures of admiration and anger from local investors.

The Japanese investment house secured approval on January 23 from shareholders of VUB Kupon, the Bratislava fund of which it owns 31.4 per cent, to allow it to exchange its shares in the fund for pro-rata stakes in the shareholdings in the fund's portfolio.

Nomura is seeking to do what many Czech and Slovak investment fund managers would like to do if they had the capital – to realise the huge profit to be made by closing the gap between a fund's net asset value and the market price of its shares. If it is successful, Nomura stands to make tens of millions of dollars in profit.

"Every time there is a discount we all run around saying how wonderful it would be to realise the profit," said Mr Zdenek Bakala, chairman of Patria Finance, a Prague investment bank. "Nomura is the first to do it. They were the first to put their own capital into it."

Nomura bought into VUB Kupon, which owns a portfolio worth about $400m, last September, paying $68m for the stake, which it acquired from Vseobecna Uverova Banka (VUB), Slovakia's dominant commercial bank. Nomura is also believed to have bought 20 per cent of VUB Invest, which manages the portfolio, but neither company would confirm this.

It is understood that when the investment was made, the agreement included an exit provision for Nomura, similar to the one it secured at the recent extraordinary meeting of shareholders in Bratislava.

Investment privatisation funds were created to exploit opportunities offered by the innovative coupon method of privatisation introduced in former Czechoslovakia in 1991.

The funds invested the coupons on behalf of private individuals, and smart managers used the opportunity to get big stakes in key companies at little cost.

Since the collapse of the Czech and Slovak stock markets last year the funds, whose shares are often more heavily traded than those of the companies they own, have seen a big gap emerge between their market value and their net asset value. The gap is generally about 40 per cent, but in some cases can be up to 80 per cent, depending on the perceived quality of the fund managers.

But the big shareholders in the funds, including leading Czech and Slovak banks, insurance companies and industrial groups, have so far not attempted to break up funds to realise profits.

This may change if Nomura succeeds with its proposal, though local owners are hampered by a lack of capital and depressed stock markets. The will is there, however, especially if foreign investors attempt to cash in, fund managers say.

"You are going to see many more deals of this type," said Mr Nigel Williams, chairman of Creditanstalt Investment Company, a Prague investment fund manager.

Nomura's proposal has met with fierce opposition from VUB Bank, which owns less than 10 per cent of the fund, but it failed to muster shareholder support for its attempt to block the move. Even VUB Invest appears to have been caught on the hop, and is understood to be deeply unhappy about the break-up of its fund.

However, Mr Ladislav Vaskovic, general director of VUB Invest, said the investment manager will not take legal action to block the proposal.

Some of VUB Kupon's 360,000 small shareholders may challenge it in the Slovak courts. More than 1,000 of them, mainly elderly people who depend on dividends from their investment to boost paltry pensions, attended last week's meeting.

"Some shareholders want to get the same [treatment] as Nomura, to get the net asset value," said Mr Richard Schultz, managing director of Schultz & Ostrovsky, a Bratislava brokerage. He said the proposal "is not good for other VUB Kupon shareholders" because it reduces the assets of the company they own by almost a third without offering them any compensation.

Nomura said it does not expect a legal challenge.

If its proposal succeeds, Nomura will own a portfolio of shares worth at least $100m, 75 per cent of which is invested in Czech shares.

Several of these stakes, including those in Radegast, a leading brewer, Tabak, the Philip Morris-controlled cigarette company, and Skoda, the engineering group, are big enough to be attractive to strategic investors at premium prices and are difficult to pick up in the market, where lack of liquidity hampers trading.

The Prague stock exchange is set to double in size in March when shares from the second wave of mass privatisation begin public trading.

The prospect of an assault on some of the 340 investment funds that are the main players in the market should add some extra spice to activity. Brokers hope it will be the fillip the market needs to end a long slump.

Portuguese Marconi suspended

By Peter Wise in Lisbon

Shares in Companhia Portuguesa de Rádio Marconi, Portugal's intercontinental telecommunications operator, were suspended before trading opened yesterday as reports emerged of its valuation prior to a merger with state-owned Portugal Telecom (PT).

Three bank syndicates were reported to have independently valued Marconi, which is 51 per cent-state owned, at between Es98bn and Es115bn ($626m-$735m). This would place a minimum value of Es6,282 a share on Marconi – almost 40 per cent higher Friday's closing price of Es4,502.

Marconi is to be merged with PT before a global offer of an expected 25 per cent of PT, planned for May. Officials have said Marconi's private shareholders would be invited to exchange their holdings for shares in PT.

Portugal's Securities and Exchange Commission yesterday sought official clarification of the reported valuations. These gave PT a total value of between Es520bn and Es850bn, including the state's holding in Marconi.

Communicacões Nacionais, the state holding company for telecommunications, said the reported valuations corresponded to draft values that were still under negotiation.

Marconi shares were expected to be readmitted to trading today. The company said it expected a 1994 net profit of Es6bn, up from Es4.1bn in 1994.

Strikes take toll on Seat

Seat, Volkswagen's Spanish subsidiary, has lost about Pta2.5bn ($19.01m) as a result of a series of strikes which have disrupted its Martorell plant near Barcelona this month, **Reuter reports from Madrid.**

Production ground to a halt for three days because of a parts shortage after strikes earlier this month in protest at the company's plan to make further redundancies.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Provisional Price for Trading on 31.01.95: Pool purchase price £/MWh	Firm Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	8.20	46.79	48.48
0100	8.66	38.08	39.78
0130	8.73	47.00	48.70
0200	8.73	47.00	48.70
0230	8.70	47.96	49.64
0300	8.71	56.51	57.21
0330	8.71	55.51	57.21
0400	8.66	55.51	57.21
0430	8.30	55.51	57.21
0500	8.12	10.06	10.06
0530	8.73	32.48	34.18
0600	8.73	29.30	31.00
0630	8.80	32.48	34.18
0700	9.17	32.48	34.18
0730	8.99	36.11	37.82
0800	12.48	32.84	34.86
0830	14.75	36.67	37.90
0900	17.14	42.64	45.87
0930	18.56	51.45	55.50
1000	19.72	54.30	58.66
1030	19.01	54.96	59.56
1100	17.27	55.85	60.39
1130	18.86	57.01	62.08
1200	21.39	57.80	62.97
1230	23.59	56.03	61.01
1300	21.31	53.38	57.85
1330	15.86	49.89	53.55
1400	13.69	47.29	50.31
1430	12.94	39.81	42.36
1500	14.22	39.39	41.88
1530	12.64	23.74	23.74
1600	20.31	46.60	48.60
1630	55.23	232.97	267.42
1700	155.79	400.07	452.85
1730	250.78	448.44	498.07
1800	263.34	353.10	393.38
1830	162.00	204.32	225.60
1900	83.22	96.99	107.24
1930	38.26	63.91	69.16
2000	16.93	40.99	43.41
2030	10.22	38.61	40.68
2100	8.36	38.34	40.10
2130	9.11	38.15	39.85
2200	8.64	30.88	32.58
2230	8.80	31.92	33.62
2300	8.20	31.92	33.62
2330	8.10	30.30	32.00
2400	8.10	10.15	10.15

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.85/MWh becomes 1.885p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6789 between 8.30am and 5.15pm Monday to Friday.
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Daiei set to post Y25bn loss after Kobe earthquake

By Emiko Terazono in Tokyo

Daiei, Japan's largest retailer, said it would post a net loss of Y25bn ($252m) in the current financial year to February, largely as a result of the earthquake that devastated the Kobe region two weeks ago. It is the first group in the industry to announce losses stemming from the disaster.

Mr Isao Nakaquchi, *the company's* chairman and president, said the retailer had suffered some Y50bn in damages from the earthquake and from lost sales due to the closure of *stores in Hyogo prefecture.*

Mr Nakaquchi also announced his resignation as vice-chairman of the Keidanren – the prestigious business leaders' federation – in order to give his full-time attention to his national retail network.

Mr Nakaquchi added that the company was forecasting net profits of Y14bn for the next business year to February 1996.

Daiei's announcement is seen by many analysts as the first in a series of downward corporate profit revisions due to the earthquake.

At the same time, however, many companies which had announced optimistic earnings projections at the beginning of the current business year are expected to use the earthquake as an opportunity to scale down their previous estimates.

"Although Daiei had forecast a 25 per cent rise in sales for this year, it wasn't meeting the target through September to December," said Ms Victoria Melendez, retail analyst at brokers Morgan Stanley in Tokyo.

Moreover, while officials at Daiei said earnings from the retailer's other stores could eventually cover the losses, the *effects of the earthquake could* have serious implications for Daiei, which already is running on a high cash flow deficit on a consolidated basis.

Its day-to-day operations *depend on a delicate financial* structure, and "it's likely to see a further deterioration of its balance sheet," said Ms *Melendez.*

Other retailers are also expected to be hit by store closures and damages as a result of the earthquake. Daimaru, which derives 20 per cent of its sales from Kobe, and Sogo, which posts half its sales from the region, are expected to be seriously affected.

Mitsukoshi, the prestigious department store, said sales would fall short of expectations of Y768bn by Y2.5bn due to the quake. The company sees pretax profits hit by Y1bn, but will offset losses by selling some of its stock portfolio, raising Y700m.

Japanese stores chain hit by losses at financial unit

Seiyu, a Japanese supermarket chain, lowered its group earnings estimates yesterday, due to losses at its financial subsidiary, writes Emiko Terazono.

The company cut its estimate for consolidated recurring profit, before extraordinary items and tax, for the current year to the end of February from Y26bn to Y21bn ($212m), down 10.3 per cent from the previous year, while its consolidated after-tax profit was halved from Y8bn to Y4bn, a 45.2 per cent decline from a year earlier.

Seiyu said it would extend Y18.7bn to Tokyo City Finance, a finance subsidiary faced with mounting losses due to the plunge in the Japanese property market. The retailer will post Y18.7bn in unconsolidated *extraordinary losses for the* current business year but left its non-consolidated earnings estimates unchanged as it will offset the losses by selling shares in Familymart, its convenience store subsidiary listed on the Tokyo stock exchange.

After the stock sale, Seiyu will still remain as the largest single stockholder with a 40 per cent stake, down from 46.2 per cent.

AMP takes on outsider to run UK operation

By Nikki Tait in Sydney and Alison Smith in London

The Australian Mutual Provident, Australia's largest life office, yesterday announced that it was bringing in an outsider – Mr Richard Surface, currently managing director of Sun Life International – to run its UK operations.

Mr Surface, a 46-year-old American, will become manag*ing director of AMP UK, where* the group owns Pearl Assurance and London Life. Mr Surface, who takes up his post tomorrow, will also become managing director of Pearl.

The appointment is the latest in a series of senior management changes which have taken place at AMP since Mr George Trumbull, another American, was recruited from Cigna to manage the institution last year. The AMP has long been viewed as a solid, but highly conservative and bureaucratic organisation, and has been trying to shake off this image as competition in the home market intensifies.

Mr Trumbull foreshadowed management changes at the UK operations when he released the AMP's 1994 new business figures two weeks ago.

While these showed a 6.8 per cent increase in total worldwide premiums and contributions last year, to *A$8.2bn* (US$6.2bn), Pearl's new business declined by 13 per cent and total premiums fell 7.5 per cent, in sterling terms.

Mr Surface's remit will include examining new distribution methods for Pearl, whose business is currently based largely on a direct sales force.

Apart from the fall in new business, Pearl is also caught up in the work organised by the regulators in response to public concern that thousands of people received poor advice to buy personal pensions and opt out of occupational schemes.

Mr Surface joined Sun Life as general manager in charge of corporate development five years ago, after eight years with American Express.

Malaysian car group seeks fresh inroads

Proton will find the competition tough as it targets new markets, says **Kieran Cooke**

It has been a busy few days for Proton, the Malaysian car manufacturer. At the end of last week, Dr Mahathir Mohamad, Malaysia's prime minister, launched a new 2-litre version of the Proton, called the Perdana.

At the weekend Dr Mahathir flew to the Philippines to launch a joint venture to build a Proton manufacturing facility near Manila – the carmaker's first such plant outside Malaysia. Meanwhile, Mrs Rafidah Aziz, Malaysia's minister for trade and industry, was in Brussels launching Proton's *first left-hand drive models on* the European continent.

Proton has come a long way since the first car rolled off its assembly line in 1985. Production has climbed to about *120,000 units a year. Proton* now has a 72 per cent share of domestic car sales and is an aggressive exporter, making significant inroads into the UK market.

A project inspired by Dr Mahathir, Proton is seen by some as a symbol of Malaysia's new found economic dynamism. But others are more circumspect. "Proton has achieved a lot," says one Kuala Lumpur analyst. "But it's been a bit carried away by its success in the home market. It will find competing with the big boys *overseas increasingly* tough and it could get hurt."

Proton's main problem is achieving the economies of scale necessary for long-term profitability. What Proton produces in a year, the big Japanese manufacturers turn out in a couple of months.

Mr Mohamdad Nadzmi Mohamad Salleh, Proton's 40-year-old managing director, says an economic level of production in modern car manufacturing is between 250,000 and 300,000 units a year.

"We want to achieve that as soon as possible" says Mr Nadzmi.

Last week Proton announced *it was examining plans for a* new plant capable of producing 250,000 to 300,000 cars by early next century. Proton's plant at Shah Alam outside Kuala Lumpur has a capacity of 150,000 *units.*

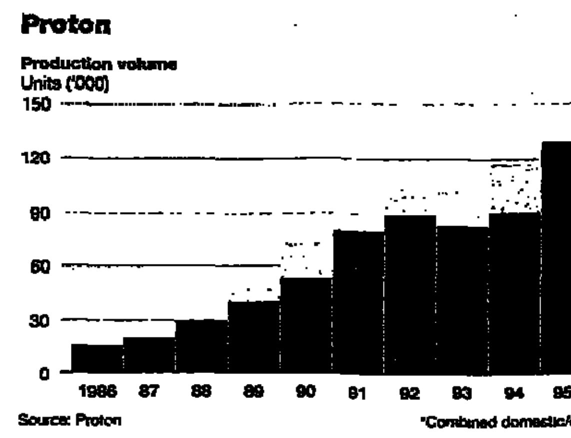
The other big challenge is to keep prices down. Proton is produced in partnership with Mitsubishi of Japan, which has a 17 per cent stake in the company.

When Proton started production, it was heavily reliant on Mitsubishi, sourcing almost all parts from Japan. But now about 70 per cent of the car is produced in Malaysia and top management is almost all local.

However, core technology and high-value items, including much of the transmission system, are still imported from Japan.

Proton has had to cope with a steep rise in the cost of its Japanese imports over the past *two years as the Malaysian dol*lar has depreciated nearly 20 per cent against the yen.

Comparatively low wages in Malaysia, together with recent productivity increases, have helped *hold* down prices. But profit margins have been squeezed. Pre-tax profits in 1993-94 were M$241m (US$110m) on turnover of *M$3.04bn. In 1992-93 pre-tax* profit was M$310m on M$2.3bn turnover.



Dr Mahathir sees Proton as an important element in realising his vision of turning Malaysia into a fully industrialised country by the year 2020.

He has strongly criticised the Japanese for what he sees as their reluctance to transfer technology to Proton. The company has recently opted to source supplies from other producers in order to avoid yen *imports and gain access to* a wider range of car manufacturing technology.

Disruption to supplies from Japan caused by the recent Kobe earthquake is providing a further stimulus to seek parts elsewhere.

Under an agreement signed last year with Peugeot-Citroën of France, Proton plans to produce *its first non-Mitsubishi* car – likely to be a diesel-engined vehicle in the 1,051cc to 1,250cc range.

Proton is also considering producing engines and four-wheel drive vehicles in co-operation with Rover of the UK.

While the automotive trade has generally been positive about Proton's products, the car's success has depended largely on its privileged position in the Malaysian market where steep import tariffs on other makes give it a consider*able price advantage.*

A total of 127,177 Protons were sold last year – 110,000 of them in Malaysia – and Proton admits that with the domestic market at near saturation point it has to export to survive.

The bulk of exports go to the UK but over the next few years Proton aims to increase exports significantly, particularly to the European Union.

In the UK, one of the main ingredients of Proton's sales success has been price. The UK prices of Protons start at about M$28,000. In Malaysia the cheapest Proton costs *more than M$30,000. Under the* EU's generalised system of preferences (GSP), Proton has full exemption from UK import duties.

If Proton starts to make its *presence felt in the EU* car market, Europe's motor manufacturers might argue for a revision of Malaysia's GSP status – or demand the removal of its protective import duties.

Proton sees its market niche as being below the price range for equivalent Japanese makes, but slightly above those from South Korea.

This is one of the most competitive areas of the market and Proton is finding it difficult to make further inroads in the UK. The indications are that its sales there were slightly down last year.

But, nurtured and encouraged by Dr Mahathir, Proton is exploring new markets. It is seeking joint venture agreements in Vietnam and China *and counts Chile and Argentina* among its latest export destinations.

Proton's Mr Nadzmi has always conceded the going will be tough. "There's no turning back," he says. "We have to succeed."

JCI gives detail of mine merger

By Mark Suzman in Johannesburg

Development of the new South Deep mine would cost R2.73bn ($771m), according to Johannesburg Consolidated Investments which yesterday gave details of the merger of the South Deep development with its Western Areas gold mine.

However, tax and other benefits would reduce the total funding required to an estimated R1.1bn.

According to JCI, the merged mining operations would have 60m troy ozs of recoverable gold reserves, giving a mine life of more than 60 years. The *South Deep section was expec*ted to be in full production in 2003 and the combined mine would mill 440,000 tonnes a month with an approximate gold content of 6.8 grams a tonne. Working costs were anticipated to be R206 a tonne milled, at July, 1994 prices.

As previously announced, Western Areas would acquire South Deep by issuing 92 new ordinary for every 100 South Deep shares. JCI said yesterday the South Deeps development would be financed by a Western Areas rights issue to *raise between R500m* and R600m. This would take place soon after February 21 when shareholders vote on the merger proposals.

Present plans suggest the mine would have to raise more capital in 1999.

JCI said there would be substantial savings by Western and South Deep sharing infrastructure as well as services such as power, ventilation and compressed air.

NRMA prospectus was misleading, court rules

The prospectus for the A$2bn-plus (US$1.5bn) flotation of *NRMA*, the Australian motor insurer, was misleading, the full bench of the Federal Court ruled, writes Nikki Tait.

The ruling upholds an earlier decision by a Federal Court judge last October, which caused the insurer to freeze its plans to demutualise and then list on the stock market.

NRMA, which is owned by its members, had appealed against the October ruling in an effort to get its flotation plan back on track. However, *some disgruntled NRMA* members – and two dissident directors – are deeply opposed to the demutualisation scheme, claiming that the NRMA will become more commercially-driven, and concentrate on achieving efficiencies on the insurance side at the expense of its motoring services.

The NRMA needs 75 per cent of members voting to be in favour before it can proceed with demutualisation.

US Steel returns to black for year

By Tony Jackson in New York

US Steel, America's biggest integrated steel maker, reported net earnings of $90m in the fourth quarter to the end of December, compared with $37m before one-off gains the year before. The company, part of USX Corporation, said it had shipped 2.9m tons in the quarter, the highest since the second quarter of 1989.

For the year, US Steel had net income of $201m, or $2.35 a share, on sales of $6.1bn. The previous year it made a loss of $238m after exceptional charges. Mr Charles Corry, USX chairman, said the company had benefited from strong demand and modest price improvement. "We expect average 1995 raw steel production to exceed 1994 levels," he said, noting that production in the fourth quarter had run at 104 per cent of rated capacity.

Current orders indicated continued strength in demand for flat-rolled products, he said. "With further price improvement effective with the start of this year in virtually all products, and the operating improvements we've achieved, we believe the US Steel group is well positioned to continue its strong financial performance in 1995."

● USX-Marathon Group, the oil subsidiary of USX Corporation, made net earnings of $321m in the year, helped by one-off gains of $226m. In underlying terms, operating income for the year was up 3 per cent.

Marathon's exploration and production business made operating profits of $210m for the year compared with $80m. Mr Corry said: "The year 1993 clearly marked a low point for [Marathon's] liquid hydrocarbon and natural gas production." Output of both had increased in 1994, and further rises were expected this year, he said.

Downstream operating income for the year was $287m against $407m for 1993. The fourth quarter was hit by lower margins on refined products.

● The gas company Delhi Group, also part of USX, made a net loss of $31m for the year on sales flat at $153m. This reflected a charge of $27m for asset sales and lay-offs.

Strong growth for Hughes and EDS

By Tony Jackson

GM Hughes Electronics and EDS, two wholly owned subsidiaries of General Motors, reported strong growth in full-year earnings of 17 per cent and 14 per cent respectively. Hughes produced earnings of $1.05bn, while EDS made $822m on sales which topped $10bn for the first time.

In the fourth quarter, Hughes increased its automotive sales by 9 per cent to $1.4bn. The company said this was because of a 4 per cent rise in the electronic content it provided for GM vehicles in North America, from $853 to $890 a vehicle, while GM's output of vehicles rose 3 per cent. International and non-GM sales rose 20 per cent to $170m.

For the year as a whole, Hughes said higher electronic content a vehicle, higher vehicle output and aggressive cost reduction more than offset the impact of lower prices. Operating profit for the year rose 27 per cent to $794m, with margins up to 15.2 per cent from 13.9 per cent.

In telecommunications and space, Hughes made quarterly operating profits of $6m on sales of $703m, as a result of the start-up costs of its DirecTV satellite television service. Hughes said the service, whose nationwide introduction in the US was completed in October, had 350,000 subscribers by the year-end, making it "the most successful product introduction in consumer electronics history".

Operating profits in defence were down 17 per cent for the quarter at $186m on sales 22 per cent lower. The decline was due chiefly to lower production on several missile programmes.

EDS, GM's computer services company, said earnings for the final quarter rose 17 per cent to $237m, or 49 cents a share. Sales in the quarter rose 26 per cent to $2.9bn, with sales to non-GM customers up 33 per cent. For the full year, non-GM sales grew to more than 64 per cent of the total.

New contracts awarded in the year totalled more than $9bn, including a $3.2bn deal with Xerox to supply most of its information technology globally. EDS chairman Mr Les Alberthal said he expected "continued strong performance" this year.

● General Motors Acceptance Corporation, GM's financial services subsidiary, reported net earnings of $802m for the year, a rise of 1 per cent.

Dow Chemical unit's shares up on sale talk

By Tony Jackson

Shares in Marion Merrell Dow, Dow Chemical's pharmaceutical subsidiary, rose 5 per cent to $25 by midday yesterday amid press reports that it may be sold to Hoechst of Germany. Neither company would comment yesterday.

The share price rise values the whole of Marion Merrell Dow, which is 28 per cent publicly owned and 72 per cent owned by Dow, at $6.8bn.

Dow Chemical said in August it had retained financial advisers to look at "possible strategic transactions" involving Marion Merrell Dow. While stressing that no action might result, Dow said it would be "remiss not to consider alternatives in the best interests of our shareholders".

In October, Hoechst said it was talking to several US drugs companies, but gave no further detail. The company's earlier foray into the US pharmaceutical market – the 1993 purchase of a majority stake in Copley Pharmaceutical – has so far proved unsuccessful.

Marion Merrell Dow was formed in 1989 as a merger between Marion Laboratories and Merrell Dow, Dow Chemicals' wholly owned drug business. In 1993 it went on to acquire Rugby, a generic drug manufacturer, and last year it bought Kodama of Japan. The company's main products are cardiovascular, gastro-intestinal and respiratory treatments.

Marsh & McLennan gains 12%

By Richard Waters in New York

Marsh & McLennan, the US insurance broking group, reported a 12 per cent advance in after-tax profits for 1994, led by growth in its investment management and consulting businesses.

The figures reflected a stronger than expected advance in revenues in the final three months of the year, helping to lift the group's shares by $1 in morning trading yesterday, to $78⅞.

The continuing weakness in the property/casualty insurance industry led to restrained growth in Marsh & McLennan's insurance services business during 1994. Revenues were up 5 per cent from 1993 at nearly $1.9bn.

Meanwhile, revenues from the group's investment management subsidiary rose 18 per cent, to $615m, while revenues from consulting climbed 7 per cent, to $933m. Marsh & McLennan owns the Putnam investment management company and Mercer, a benefits consulting firm.

Net income for 1994 jumped to $371m, or $5.05 a share, from $332m, or $4.52, in 1993.

Growth in the final quarter outpaced the rest of the year, at 10 per cent overall, leading to better-than-expected results for the period. Net income rose 15 per cent from a year before, to $72.2m, or 98 cents a share.

Tembec posts C$20.5m net profit

By Robert Gibbens in Montreal

Tembec, a Canadian producer of speciality pulp, newsprint, cartonboard and timber, posted net profit of C$20.5m (US$14.5m), or 53 cents a share, in the first quarter ended December 30, against a loss of C$2.6m, or 9 cents, a year earlier, with product prices rising strongly.

Sales rose almost 50 per cent to C$152m. Tembec expects to reap the benefits of more price increases through 1995 and sees record results.

Mr Frank Dottori, president, said softwood kraft pulp prices should reach about US$875 a tonne later this year, up from US$750 now, but would still be short of the inflation-adjusted high of US$950 set in 1989.

Tembec owns 50 per cent of the Tartas pulp mill in southern France, and this will be very profitable this year, he said.

The 41 per cent-owned newsprint unit SpruceFalls in Ontario had first-quarter net profit of C$6.6m, or 20 cents a share, almost double that of a year earlier. SpruceFalls is bringing back its fourth machine to bring capacity to more than 300,000 tonnes a year.

Recovery continues at Avenor

By Robert Gibbens

Avenor, the Canadian pulp and paper group, continued its recovery in the final quarter of 1994, with rising pulp prices, strong newsprint markets and a favourable exchange rate.

The company had a small operating net profit, but after C$12.1m special charges, it posted a final loss of C$9.7m (US$6.85m), or 14 cents a share, against a loss of C$160.5m, or C$2.65, after special charges a year earlier. Sales were C$520m, up 34.5 per cent.

The full-year loss was C$71m, or C$1.07, against a loss of C$285.6m, or C$4.88, after special charges in 1993.

At the operating level Avenor achieved a turnround of about C$220m.

Sales were C$1.9bn against C$1.5bn.

Operating earnings improved from quarter to quarter in 1994, said Mr Paul Gagne, president. "Avenor's restructuring and consolidation are complete and we have laid the foundation for solid profitability in 1995."

Newsprint group plans further price rise

By Bernard Simon in Toronto

Abitibi-Price, the world's biggest newsprint producer, has taken advantage of an acute shortage by notifying North American customers of another price increase.

Abitibi said it planned to raise list prices and cut discounts by a total of US$75 a tonne on May 1, bringing the average transaction price to about $675. Other producers are expected to follow suit.

Newsprint was selling for $420 a tonne at the beginning of 1994. But rising demand and supply disruptions have given producers an unexpectedly strong hand. Mills have yet to implement a $50 a tonne increase set for March 1.

The shortage is especially severe on the west coast. A strike at Fletcher Challenge Canada has closed three pulp and paper mills in British Columbia for more than a month. Most other US and Canadian mills are operating at full capacity and their inventories have fallen sharply.

Customers are scrambling to find ways of conserving newsprint. "Nobody is even asking what the price is," one industry consultant said. "They're just saying: 'Ship it'."

The squeeze on supplies in North America has been exacerbated by strong overseas demand, especially in the UK and south-east Asia.

According to the Canadian Pulp and Paper Association, offshore newsprint exports climbed by 11 per cent in the first 11 months of last year. Strong domestic demand however, has led many mills to divert shipments to the North American market in recent months.

Tyson Foods improves 20% in first quarter

Tyson Foods, the world's largest producer of chickens, reported a 20 per cent rise in earnings per share to 36 cents in the first quarter of its 1995 financial year from 30 cents in the previous year, writes Maggie Urry in New York.

In the three months to December 31, net income was $52.2m, compared with $44.4m.

Sales rose 15 per cent to $1.33bn. The group gained market share in all areas, Tyson said. Poultry sales volumes were 16 per cent higher.

Arkansas-based Tyson said it had bought back 3.6m of its shares under a programme which would allow it to purchase a total of 15m shares.

The company last year attracted publicity over its links with President Clinton and its gifts of football tickets to Mr Mike Espy, US agriculture secretary.

NEWS DIGEST

Eaton earnings surge to record $333m for year

Eaton Corporation, the US manufacturer of vehicle components and electrical equipment, enjoyed a record year due to acquisitions and "unprecedented" production of heavy trucks in North America, writes Tony Jackson.

Net earnings before special charges rose 61 per cent for the year to $333m, on sales up 38 per cent at $6.1bn, while earnings per share rose 44 per cent to $4.40.

Sales of vehicle components were up 20 per cent. Mr William Butler, chairman, said that heavy truck sales in North America were 7 per cent above the previous record set in 1979, and 21 per cent higher than in 1993.

Eaton makes truck transmissions, axles and engine parts.

Mr Butler said it had been "extremely difficult, and at times very costly, to keep up with the surging demand for our products". The company had also been helped by the continuing popularity of minivans and light pick-up trucks in the US market.

The $1.1bn acquisition of the DCBU electrical and controls business from Westinghouse of the US, effective a year ago, had contributed to earnings in the first year, Mr Butler said.

The balance sheet had already been restored to its pre-acquisition condition, with the debt to capital ratio back below 40 per cent. The company planned record capital spending for the current year, he added.

Santa Fe Pacific lines up finance for merger

Santa Fe Pacific, the US railway company whose plan for a friendly merger with Burlington Northern was upset when it received a hostile bid from Union Pacific, has tied up the finance for the $3.85bn Burlington deal, writes Maggie Urry in New York.

A group of banks led by Morgan Guaranty Trust has committed $1.56bn, conditional on the deal being approved by shareholders of both Santa Fe and Burlington.

Both companies are holding special shareholder meetings on February 7.

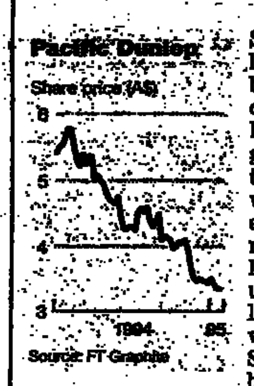
The money will be used to buy back 38m Santa Fe shares for $760m, to refinance $400m of debt, to pay the expenses of the deal and for general purposes.

Union Pacific's bid is all in cash, valuing Santa Fe shares at $18.50 each and the company at $3.6bn.

Burlington's offer, although slightly higher, is two-thirds in shares, and some shareholders prefer cash.

The share buy-back is intended to sweeten the Burlington deal.

Pacific Dunlop shares hit seven-year low



Shares in Pacific Dunlop, the Australian-based conglomerate, closed at a seven-year low yesterday. The group said its Telectronics subsidiary, which makes pacemakers but last year reported serious problems from lead failures, had received two lawsuits in the US, writes Nikki Tait in Sydney. By the close of business, Pacific Dunlop shares were 4 cents lower, at A$3.30. The Melbourne-based company's brief statement said the legal action had come from patients who received the leads in January 1995.

It added that the claimants were seeking to have the proceedings broadened into a class action, although this had yet to be approved by the US courts. The two patients are seeking unspecified damages.

In November, Pacific Dunlop announced it was withdrawing and monitoring three of its pacing leads (the device which connects the pulse generator to the heart tissue).

It said then its decision followed reports of lead failures. Although the numbers were small – seven failures reported out of an implanted population of 42,000 recipients since late-1987 – two of the six US patients reporting failures died.

Czech telecom sell-off documents released

The Czech government and J. P. Morgan released final transaction documents yesterday in the international tender for a stake in SPT Telecom, the Czech state telecoms group, and extended by a week the deadline for receipt of preliminary bids, writes Vincent Boland in Prague.

They also provided the 10 international telecoms groups vying for the 27 per cent stake with details of a new tariff policy governing future price rises in SPT's services.

This is expected to determine the amount bidders will offer for the stake, which could fetch up to $1bn.

Deadline for preliminary bids is February 24, according to J.P. Morgan, adviser to the government and SPT in the tender.

Two new consortiums, one grouping Tele-Danmark and SBC Communications of the US and the other PTT Telecom Netherlands, AT&T of the US and Swiss Telecom, are expected to be announced before the deadline.

Bell Atlantic of the US and France Télécom have already announced an alliance, and Deutsche Telekom and Ameritech are also acting together. Stet International of Italy is acting alone.

Ratings of two Australian banks raised

IBCA, the London-based credit rating agency, yesterday upgraded its ratings of Westpac and Australia and New Zealand Banking Group, two of Australia's "big four" banks, writes Nikki Tait.

The short-term rating of both institutions was raised from A1 to A1+, and the long-term rating from A+ to AA-.

IBCA said that the revisions reflected the "strong improvement" in the banks' asset quality, due to better liquidity in the commercial property market, and "opportunities for problem loan resolution in a strongly-growing local economy".

IBCA confirmed the ratings of National Australia Bank and Commonwealth Bank.

Oerlikon-Bührle sales ahead 28% at SFr3.8bn

Oerlikon-Bührle, the Swiss weapons, engineering and retail group, said sales jumped 28 per cent to SFr3.8bn ($2.98bn) last year, mainly because of its DM100m ($66.14m) acquisition last October of the Leybold vacuum technology business, writes Ian Rodger in Zurich.

The group said it expected net income to be at least equal to last year's SFr63m.

Excluding Leybold, which was consolidated retroactively for the full year, sales were up 1 per cent in local currencies.

Under an agreement with US anti-trust authorities, elements of Leybold with annual sales of SFr160m remain to be sold.

Operating profits improved in all divisions, except Contraves and the Bally retailing division. Net debt at the year-end rose slightly to SFr1.2bn.

SFE to begin trading in NZ share options

The Sydney Futures Exchange is to begin trading share options in New Zealand-listed companies in Australia, writes Nikki Tait.

The arrangement follows approval from Australia's attorney-general, and marks a further step towards closer integration of the two countries' financial markets.

New version of Apple MessagePad

By Louise Kehoe in San Francisco

Apple Computer has launched a new version of its Newton MessagePad hand-held "personal digital assistant" and realigned its marketing to focus on business users.

The Newton – launched with great fanfare by Mr John Sculley, former Apple chairman, in 1993 – has been an embarrassing flop. Apple is attempting to address some of the criticisms that the original product attracted.

In particular, the new Newton MessagePad 120 has improved handwriting recognition, up to three times as much memory and improved screen clarity, Apple said.

A 1-megabyte version will sell in the US for $599, and a 2-megabyte version at $699.

With an add-on modem or cellular telephone, the MessagePad will be capable of transmitting and receiving messages via various networks.

However, analysts said that the new Newton still fell short of Apple's extravagant promises for a device that can "read" handwritten notes and communicate easily with all types of computers. The price is too high for mass market appeal, they said.

Apple is, however, now focusing its Newton marketing efforts on companies with large numbers of "mobile" employees, in particular hospitals, financial services companies, schools and sales forces.

To date Apple has sold about 290,000 Newton MessagePads, according to Link Resources, a US market research firm.

Quelle set for high-tech eastern expansion

Europe's largest mail order group plans a DM1bn investment in a warehousing project on a 75-hectare site near Leipzig, writes Judy Dempsey

Europe's largest mail order group has its sights trained on eastern Germany. Quelle is poised to transform its business through a DM1bn ($666m) investment in a Leipzig warehousing project which is due to come on stream in February.

The warehouse, equipped with the latest technology, is one of the biggest investments Quelle has made since the Nuremberg-based company was re-established after the second world war.

Then, the main aim of Mrs Grete Schickedanz, the founder of Quelle who died last year, was to provide cheap but high quality goods for Germans as they rebuilt their war-torn economy after 1945.

The group, which has expanded rapidly in the past four decades, soon captured a niche throughout Germany and western Europe. It diversified into photographic and optical goods.

As it grew, pressure on capacity at its Nuremberg headquarters increased. It became more difficult to expand and build new warehousing capacity due to strict planning regulations, the influence of green/environmental politics and the high cost of land.

The collapse of the Berlin Wall in November 1989 opened up opportunities for the retail sector, and especially for Quelle, which last year recorded profits of DM166m on a turnover of DM15bn.

Mrs Schickedanz wasted no time in taking advantage of German reunification. Quelle acquired a 75-hectare site just outside Leipzig, in the eastern German state of Saxony.

Mr Erwin Schmidtlein, director of Quelle's vast Leipzig warehousing complex, said that in February 1991 the group acquired 100 per cent ownership of the land, which after reunification in 1990 had been placed under the Treuhand privatisation agency. The company then began its investment programme of more than DM1bn to build one of Europe's most modern warehouses.

The attraction was increased by the generous grants offered by the state of Saxony. "We received grants worth about 23 per cent of our investment from the state and the federal government," said Mr Schmidtlein.

In addition, companies have been allowed special depreciation benefits, amounting to 50 per cent of the value.

Quelle decided to install the latest technology. The 32-metre high storage steel shelves are fully automated and an underground network of passages allows goods to be transported rapidly throughout the complex.

"We need about 100 people in Nuremberg just to store the goods on the shelves. In Leipzig, this work is entirely automated," said Mr Schmidtlein. In spite of the high degree of automation, Quelle believes it will be employing 3,000 people, including sub-contractors and ancillary services, by 1996 – which would make it one of the largest single employers in eastern Germany.

How can Quelle exploit the extra capacity and automation in Leipzig, and weather the decline in consumer spending which has squeezed the retailing sector in Germany?

One of the main aims of the Leipzig investment was to move the bulk of the mail-ordering/delivery service to Saxony from Nuremberg. Nuremberg handles about 33m packages a year, but Quelle said the warehouses were not under one roof, which hinders efficiency.

Leipzig will gradually take over this part of the mail order business. By the end of the 1996, Mr Schmidtlein reckons Leipzig will be handling about 25m items a year, while Nuremberg will be reduced to about 8m.

Quelle deals with about 33m items a year, or about 160,000-180,000 items a day. The storage facilities in Leipzig will have a capacity of 2m items, and the production/packaging lines have been designed to accommodate three shifts, capable of moving 180,000 items a day.

The Leipzig facilities will be centralised and automated. Mr Schmidtlein hopes goods can be turned around in 24 hours, instead of the current 48 hours, or longer, at Nuremberg.

However, because of the squeeze brought about by a fall in consumer spending, Quelle will have to offer cheaper, but good quality items to counter declining turnover. "Consumers are faced with higher taxes," explained Mr Steffen Kern of the association of German retailers.

"Retailing will fall by a further 1 per cent in west and east Germany this year, and by about 1.5 per cent and 2 per cent respectively for next year," he added.

Mr Cy Schluter, head of CAI analysis, which specialises in retailing, is pessimistic about any upswing in this sector. "I am sceptical that consumption will show recovery even in 1996," he said. "With these pressures, Quelle could well use the Leipzig operation to streamline its activities in Nuremberg," he added.

Eastern Europe can play an increasingly important role in Quelle's quest for goods which are less expensive to manufacture but consistent with the company's philosophy of "good value for money".

For example, the group is involved in trials with a refrigerator enterprise in the Ukraine as a means of keeping costs down. "It also means that if the Ukraine experiment is successful, that enterprise will become competitive in its own right," explained Mr Helge-Heinz Heinker, a Quelle official in Leipzig.

The Leipzig warehouse also means Quelle is well placed to take advantage of eastern Europe once consumer spending in the region increases.

It has a warehouse in Brezhrad in the Czech Republic which it set up in the autumn of 1991, and the same year in Poznan, Poland.

The Czech subsidiary, which employs 380 people, is processing 12,000 orders a day and distributing 400,000 mail order catalogues throughout the Czech Republic. At the same time, Quelle will have established 250 retail outlets there, including Foto Quelle, the photograph processing division and Apollo-optik, its opticians division.

Eastern Europe accounts for DM100m of Quelle's total turnover. "It is small, but we are establishing a foothold there. This is a market we cannot ignore," said Mr Schmidtlein.

Quelle hopes to use the fledgling pay-TV network as a means of promoting its catalogues and tapping into sales. But Germany's restricted media laws, and this still largely underdeveloped sector, hinder such plans. Besides, Quelle believes consumers might be reluctant to pay a monthly transmission fee. Nevertheless, Quelle intends to carry out trials in the Nuremberg, Stuttgart and Leipzig region next year to test consumer response.

Mr Schmidtlein is cautious. "I don't know if this system would be accepted. The Germans have enough overheads at the moment. Mail ordering through pay-TV will come eventually. But not yet," he said.

In the meantime, Quelle, assuming it can keep its costs down, hopes to recoup its DM1bn in about eight years. However, there is a lingering regret that Mr Klaus Mangold, the former chairman of Quelle, a central figure in setting up the project, who resigned late last year, will not see the Leipzig plant come on stream.

COMPANY NEWS: UK

Quality of Northern Electric's non-core activities questioned

Trafalgar attacks target's costs

By Peggy Hollinger

Trafalgar House yesterday tried to cast doubt on the independent future of Northern Electric, target of its hostile £1.2bn bid, by attacking the quality of the utility's rapidly growing non-core businesses. In a document sent to Northern shareholders, Trafalgar claimed the company's efforts at diversification had been disappointing.

It questioned both the profitability of Northern's retail operation and prospects for the competitive electricity supply business serving commercial and industrial energy users.

Trafalgar also queried whether the supply profits, which rose from £2.8m to £12.8m in the first half, would prove sustainable in a competitive low margin business. It also attacked Northern's track record on costs and questioned how the company would cope when a free market was established throughout the electricity industry in 1998.

It urged Northern shareholders to accept its offer, which includes a £10.48 cash alternative – substantially higher than the level at which other regional electricity companies' shares were trading, it said.

"Your company is worth more to Trafalgar House than it is to ordinary shareholders," said Mr Simon Keswick, Trafalgar chairman. "It is this which enables us to offer you a premium for your shares."

Analysts said the document raised important issues for Northern investors. "It is difficult to argue that Trafalgar House is undervaluing the shares when the rest of the sector is trading at between £2 and £3 less than the offer price," said one. "Investors can sell into the offer and still take advantage of the opportunity to buy into other recs." Northern repeated its claims that Trafalgar is "attempting to buy Northern Electric cheaply before the flotation of the National Grid".

It also pointed out that the value of Trafalgar's cash and paper offer has fallen from £10.71p to £10.38p a share. Trafalgar's convertible preference shares have fallen to 91.5p, against the 93p at which they were underwritten for the full cash alternative.

Investors are unlikely to back either side until the government decides whether the bid should be referred to the Monopolies and Mergers Commission. While there are no issues of competition, most observers expect the government to seek a referral.

In the document, Trafalgar estimates that it would write up the value of Northern's tangible fixed assets by £340m and the value of its shareholding in the National Grid by £172m.

See Lex

Rise in spending lifts BAA to £328m

By Michael Skapinker, Aerospace Correspondent

A growing number of passengers spending more in airport shops helped lift nine months' pre-tax profit at BAA, the airports group, by 12.3 per cent to £328m ($512m).

Revenues for the nine months to December 31 rose 6.1 per cent to £926m. The most striking rise came on the retail side, where revenues rose 9.8 per cent to £402m. BAA's airports include Heathrow, Gatwick, Glasgow and Edinburgh.

Revenue from airport charges was £336m, an increase of 6.8 per cent. Passenger numbers rose 7.4 per cent to 69.3m. BAA said it expected passenger growth for the year as a whole to be about 7 per cent.

Sir John Egan, chief executive, said the group's airports had benefited from strong traffic growth as the worldwide economy recovered. He said he expected the growth to continue into 1996.

Property revenue rose by £8m to £119m. BAA announced earlier this month that it was freezing rents in its airport terminals at 1993 levels. Rents will not be increased until March next year.

The freeze will not affect the retail or restaurant side of the business. The tenants concerned are airlines, handling agents, customs and immigration, the police and cargo companies. Capital expenditure in the first nine months rose to £307m (£175m), reflecting the current improvement programme.

LEX COMMENT

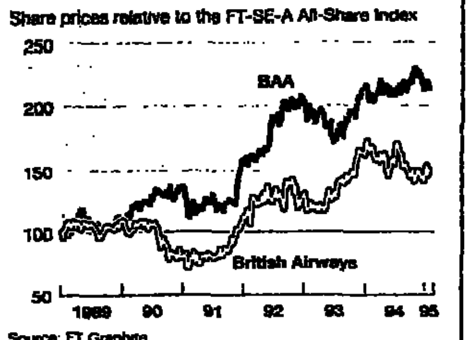
Storms ahead for BAA

Apart from a blip during the Gulf war, BAA's financial flight-path has been astonishingly true. Yesterday's third quarter results told a familiar story of cost cutting, inexorable passenger growth and rising retail spending.

There are, nevertheless, storm clouds on the horizon. Most immediately, the group admits the Channel tunnel, once fully operational, will knock up to 3 percentage points off passenger growth. Retail spending growth must also slow. In 1999, intra-European Union duty free sales are scheduled to end. True, their abolition is not guaranteed: Sir Alastair Morton, Eurotunnel's co-chairman, whose cross-channel operations were planned on the presumption that duty-free would end in 1993, is one of the few who wants them ended; the ferries, airlines and distillers are against the measure. So too are consumers.

Betting on civil aviation

Share prices relative to the FT-SE-A All-Share Index



Source: FT Graphite

Nevertheless, the risk remains BAA could lose up to £30m in earnings, despite compensatory spending on other goods. Moreover, although the ability to squeeze ever-greater amounts out of passengers shows few signs of abating, it must reach a ceiling sometime.

BAA has always been up-front about the challenges facing its airports. Investors already know about the Channel tunnel, the cost of Heathrow terminal five and the potential rights issues necessary for overseas expansion. BAA remains a safe play on civil aviation growth. The only real problem is the company's price/earnings ratio which at a 25 per cent premium to the market makes it, as ever, look expensive.

Allied Domecq holds talks to sell bakeries

Allied Domecq is in talks with *a view to disposing of its European* bakeries to a syndicate of investors led by CVC Capital Partners.

The business – part of Lyons, Allied's food manufac*turing sector – produces a* variety of biscuit and bread substitute products, operating mainly in the Netherlands, Belgium, France and Germany. It has an annual turnover of about £150m ($234m).

The proposed disposal follows several others within Lyons and Allied Breweries Nederland last week, as part of Allied's strategy of focusing on its spirits and wine and retailing operations.

Talks, if successful, will lead to the formation of a new company in which both the syndicate and existing management will participate.

Haynes flat at £2m despite strong US performance

By James Whittington

Shares in Haynes Publishing yesterday fell 20p to 330p after the car and motorcycle manual producer reported difficult *trading conditions* in the UK which offset gains in the US.

Pre-tax profits inched ahead to £2.15m ($3.35m) against £2.11m for the six months to November 30, including £200,000 from the sale of a warehouse in Leeds, West Yorkshire. Sales fell by 6 per cent from £12.4m to £11.6m.

Mr Max Pearce, chief executive, said the UK operations had "a lousy first quarter as a result of flat retail sales across the board". Despite an improvement in pre-Christmas sales, this left operating profits in the UK and Europe 36 per cent lower at £711,000 (£1.11m).

Turnover dropped to £4.86m ($6.47m), partly because of the closure of a printing plant in December 1993.

In contrast, operating profits in the US rose 18 per cent to £1.9m (£1.61m) on improved sales of £6.77m (£5.94m). Mr Pearce said the print facility in Nashville, opened in late 1993, and new manuals had helped Haynes become one of the market leaders.

He warned, however, that the first-half setback in the UK would not be made up during the rest of the year, and said rising paper prices remained the biggest challenge to the group. As a result, one analyst shaved his profit forecast from £5.6m to £5.2m for the full year.

At the end of December, Haynes moved from a full Stock Exchange listing to the *USM. Mr Pearce said Mr John* Haynes, chairman, had wanted to transfer part of his 64 per cent holding to a trust for his sons without incurring capital gains and inheritance tax. Some fund managers restricted from investing in USM companies were unhappy with the move because it forced them to sell. Beeson Gregory, the group's broker, said the move would have little effect since trading volumes had traditionally been low.

Haynes had £2.6m net cash at the end of November, a turnround from 47 per cent gearing at the end of 1991. Mr Pearce said the company would be more likely to invest in product and market development than in acquisitions.

Earnings were 8.2p (8.1p) and the dividend is held at 4p.

Bridon to close UK plant and invest £6m in new equipment

By Tim Burt

Bridon, the wire and wire rope manufacturer, yesterday announced the closure of one of its main UK plants and a £6m ($9.36m) investment in new equipment as part of a wide-ranging restructuring programme.

The group, which last year made a £22.4m provision to cover the reorganisation, said it would be closing its Ambergate factory in Derbyshire in mid-1996, with the loss of 120 jobs, and moving production to Cleckheaton, West Yorkshire.

Mr Ron Petersen, chief executive, said the redundancies would be offset by the creation of 60 jobs following the installation of new "wire drawing" machines at two other UK plants and one in the US.

"Our plant rationalisation and disposal programme is ahead of schedule," he said. "It will coincide with other manufacturing and marketing initiatives, designed to increase significantly Bridon's capacity to supply its key wire markets."

Although this process could lead to further redundancies, the group said further provisions were unlikely this year.

While the Ambergate closure has been covered by last year's restructuring provision, the investment in new equipment has been offset by funds from the disposal programme.

Since April last year, Bridon has raised more than £18m from disposals, including £13m from the disposal of its engineering companies and £4.5m from the sale of its disused Wakefield plant to Kingfisher, the retail group.

"We're about 20 per cent through the restructuring," Mr Petersen added. "Now it's time to do something this company has not done for 10 years. It's time to grow."

Welsh gold mine joins matched bargain market

By Kenneth Gooding, Mining Correspondent

A small advertisement in the Financial Times mentioning that a gold mine in Wales was *for sale* resulted in Mr Roland Phelps, 41, acquiring the Gwynfynydd mine near Dolgellau in the Snowdonia National Park.

He guessed it was the Gwynfynydd mine because, while at Leeds University studying for a combined mining/geology degree, his thesis was about the Welsh gold mines. "It was the only mine with decent reserves," he says.

Mr Phelps spent £1.25m on buying the mine and improving it and its associated jewellery and tourism operations. This week he is bringing Welsh Gold to London's 4.2 market – which allows deals on a matched bargain basis – via a public offer and placing on terms that value the company at £5.6m ($8.73m).

Ore from Britain's only working mine on its way to processing

Sponsored by Brook Corporate Finance of Birmingham, the fully underwritten issue is raising £1.5m gross and £1.3m after expenses. Mr Phelps, who made "a small stake" mining in Canada then built up a family property, construction and leisure company in London, will swap £1m of his investment for 73.4 per cent of Welsh Gold and receive £250,000 cash.

Gwynfynydd is claimed to be Britain's only working gold mine. Such is the demand for Welsh gold that the company can charge three times the London Bullion Market price. This premium carries through to the jewellery Welsh Gold manufactures and sells at its shop. Mr Phelps has also built up a tourist attraction at the mine.

Proceeds of the offer will be used to increase the mine's capacity and enlarge the jewellery operations. The pathfinder prospectus suggests the mine might produce 2,450 troy ounces of gold a year after expansion compared with its present 980 ounces. But there is no profit forecast.

JP Jenkins has agreed to make a market in Welsh Gold shares.

See Observer

Cargo Clubs fail to deliver the goods

Geoff Dyer looks at the ambitious strategy which has led to problems for Nurdin & Peacock

When Mr David Poole resigned in October as chief executive of Nurdin & Peacock, the cash and carry operator, the company was quick to stress that his departure would not affect the ambitious strategy he had put in place.

Four months later, observers are questioning whether the group, still without a chief executive, can really maintain that course. Moreover, N&P is now being talked about as a possible takeover candidate.

Worries about N&P were aggravated by the £16.2m ($25.3m) exceptional charge to 1994 profits it announced nearly two weeks ago. The charge was more than £4m higher than indicated at the time of the interim results and exposed just how many problems Mr Poole's initiatives were creating.

Profits for the year are now expected to be between £15m and £18m, against £32.1m last year. The shares have fallen from a high of 234p last year to 141p yesterday.

No one denies that the management needed to introduce changes. Cash and carry stores sell food items in bulk and at large discounts to independent retailers, such as corner shop grocers. But these customers have been whiplashed by the expansion of Sunday trading and price competition between large supermarket chains and discount stores. N&P's like-for-like sales fell by 7 per cent in 1993 and 1 per cent in 1994.

Mr Poole said in 1993 that traditional cash and carry business had "no future".

N&P's strategy was to broaden its customer base. Its stores were converted into Trade and Business Warehouses supplying stationery as well as food products. The group expanded in northern England with the £21.9m acquisition in May of M6, a cash and carry chain with 10 outlets.

Most ambitious of all, last year it opened three Cargo Club warehouse outlets, US-style shopping clubs. According to Mr Bill Currie, analyst at Barclay de Zoete Wedd: "Any one of these initiatives would have been a huge strain on management."

The diversification into new products exposed the group's lack of experience in non-food merchandise and the strain on working capital turned £2.7m of interest income in 1993 into a charge of £1.5m in 1994.

However, Cargo Club has caused the biggest problem. In the US, where it was introduced in the 1970s, the concept has been a great success. It offers large discounts to fee-paying members on items such as food, clothes and electrical goods at huge out-of-town warehouses. By 1993 they had 21m members in the US and accounted for an annual $35bn (£22.4bn) in sales.

N&P opened its first store in Croydon, south London, in March with a fanfare of publicity and a prediction that the company would have 30 warehouses by the end of the century. But the three opened so far incurred operating losses of between £3 and £4m in 1994 and ran up marketing costs of £3m. In the words of one analyst, "they have been an unmitigated disaster".

Critics say that N&P's approach of trying to attract retail customers, spending heavily on marketing and stocking a wide range of products ignores the US experience that warehouses survive on minimal costs and by selling a small range of items in bulk.

Mr Paul Morris, analyst at Goldman Sachs, said: "The warehouses in the US that have fallen have been the ones that went for retail customers."

According to Mr Nigel Hall, finance director at N&P: "There is not a cash and carry industry of any size in the US so we have to differentiate. People in this country like to see a wide range of options."

The sale of Cargo Club is now widely rumoured. The most likely buyer would be Costco Europe, which is 60 per cent owned by PriceCostco, the largest US warehouse operator which opened the first UK warehouse in Thurrock, Essex in 1993. Other large US operators such as Wal-Mart could see it as an opportunity to get a foothold in the UK market.

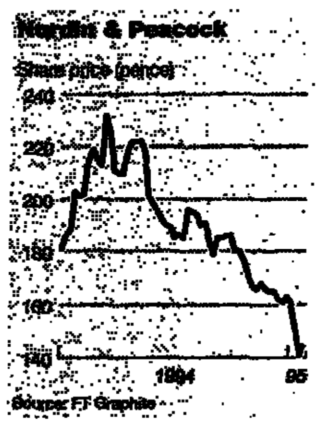
Mr Hall said that "it is not the case yet" that N&P would need to sell the Cargo Clubs, which currently have 115,000 members, because of the losses they were making. He added that N&P had been "in conversations with various parties" about providing finance for expanding them.

The falling share price means that N&P now has a market capitalisation of £179.5m, against net assets of £145.5m at the half year end on July 1, encouraging talk of a possible takeover.

All previous speculation was academic because 28.9 per cent of the shares are controlled by the Peacock family. However, some brokers now believe that Mr Michael Peacock, who was chairman until 1991 and is now honorary president, would be prepared to sell if the right offer came along. Mr Peacock dismisses this as rumour: "I hope N&P will go on as an independent company."

The obvious candidate would be SHV, the Dutch private company which owns Makro, the wholesale store chain, and which has a 14 per cent stake in N&P. SHV has never declared aggressive intentions, but market observers believe that if it did want to make a move, now would be the time.

SHV said the N&P stake was "a financial investment" and that "we have our hands full with Makro at the moment".




Tony Andrews
David Poole: changes aimed at broadening the customer base

Kleinwort denies sale but keeps its options open

By Nicholas Denton

Kleinwort Benson is keeping open the possibility of an alliance, despite denying last week that it was in discussions with Dresdner Bank or any other potential buyer.

An internal memorandum sent last Friday by Lord Rockley, the chairman, to directors of Kleinwort, makes clear that the house is keeping open its options.

"In the belief that we are perceived to be an increasingly successful and growing business, I do not find it surprising that we are the object of some attention," Lord Rockley writes. "If this results in overtures being made, we shall be able to deal with them from a position of strength."

Lord Rockley, confirming the existence of the memo yesterday, said it would be irresponsible to rule out any option. "We would look at anything on its merits," he said.

In the statement to the Stock Exchange, which went out on the same day as Lord Rockley's internal communication, Kleinwort made no reference to its attitude to a bid. The memo expands on Kleinwort's position.

But it gives no hint that Kleinwort is actively looking for a partner or buyer. "We are pursuing our three-year plan for Kleinwort Benson operating as an independent entity," directors were told, in a reference to the budget plans drawn up last autumn for 1995-97.

The statement to the Stock Exchange appears to have calmed last month's speculation about a bid for Kleinwort. The shares, which hit 653p at one point last Friday, closed yesterday at 609p.

Many analysts have become stronger in their belief that a deal is unlikely. Mr David Poutney, merchant bank analyst at stockbrokers Collins Stewart, said: "The rumours about Kleinwort Benson are 100 per cent misplaced."

Kleinwort reports its 1994 results later this month and analysts expect it to show pre-tax profits of £88m-£106m, down on the £111m recorded in 1993, but still more resilient than other UK investment banks such as S.G. Warburg.

Filtronic Comtek plans expansion

By Geoff Dyer

Shares in Filtronic Comtek, the manufacturer of components for the cellular mobile telecommunications industry, rose 20p to 189p yesterday after it reported trebled interim profits.

Professor David Rhodes, executive chairman, said the rapid growth of the cellular market was responsible for the increase in pre-tax profits from £438,000 to £1.5m ($2.34m) in the six months to November 30, on sales ahead from £3.3m to £12.1m.

Between £6m and £7m is being spent from cash resources in the next 12 months on new manufacturing facilities in Shipley, Yorkshire, and in Salisbury, Maryland, and on expanding existing facilities in Scotland and New Hampshire.

New customers for Filtronic's devices for mobile telephone base stations include Matra and Hughes Network Systems.

Prof Rhodes expects market demand to increase for the next five years. "The key challenge for us is recruitment and our ability to find the right calibre of people here and in the US," he said.

The results were in line with expectations at the time of Filtronic's October flotation. Panmure Gordon, the house broker, forecasts full-year profits of £3.2m with £5.75m for 1995-96.

Prof Rhodes, the Leeds University academic who formed the original Filtronic company in 1977, denied that it had been undervalued at flotation when the shares were priced at 105p. A number of new issues were postponed at the time because of market conditions.

Earnings per share jumped to 3.23p (1.17p). The company intends paying its maiden dividend with the final results.

German setback for Caldwell

Foreign exchange losses, property provisions and a 13 per cent decline in sales in its main German market led to a sharp downturn in profits at Caldwell Investments, the USM-traded textiles group.

Pre-tax profits for the year to October 31 fell from £487,000 to £179,000 ($279,000). Turnover rose from £6.78m to £8.03m.

The pre-tax figure was struck after a £100,000 exceptional charge this time.

The company, which sources manufacturing in low-cost countries, is to apply for a full listing and change its year-end to December.

First sales of Romanian made shirts to the US began in the last quarter and a large increase in this business is projected for the current year.

Earnings per share fell to 1.25p (4.05p). The final dividend is held at 0.6125p, giving a same-again total of 1p.

NEWS DIGEST

RSH seeks funds for purchases

As the first move in a planned series of acquisitions in the UK and US, Richbell Strategic Holdings, the information processing and media group, has started dealings under Stock Exchange Rule 4.2, dealing on a matched bargain basis.

The company has 83.5m shares in issue, giving a market capitalisation of £50m ($78m) at the expected opening price of 60p per share.

RSH has as its principal investment a 33.5 per cent stake in H-G Holdings, a US group which provides employee expense management services.

Inchcape

Inchcape, the international services and marketing group, is to be the exclusive distributor for Timberland, the US footwear and clothing manufacturer, throughout the Asia Pacific region.

As part of the agreement Inchcape is acquiring Timberland's Australian and New Zealand businesses for a total of $24m. It also been appointed distributor for Japan and China.

Under a new 10-year agreement, Inchcape will continue as Timberland's distributor in other Asian markets.

Spring Ram buy

Spring Ram, the kitchen, bathroom and furniture group, has acquired Les Ateliers de la Motte, a privately owned company trading in France, for £1.1m ($1.71). Les Ateliers, which makes a range of screens and shower enclosures, made pre-tax profits of £120,000 in 1994 on turnover of £5.7m.

Spring Ram made a number of expansion moves last year including the acquisition in September of Pland, the stainless steel sink manufacturer, for £4.6m.

Filofax buy

Filofax Group has acquired its Danish competitor, Mercato Kalendarforlag for DKr5m. Mercato, which operates exclusively within Denmark, supplies organisers, diaries and other dated products.

Zetters

Zetters, the football pools company with about 2 per cent of the market, yesterday warned that the National Lottery had cut its revenues by 10 per cent so far in its second half.

Shares in the group fell 3p to 125p.

Littlewoods and Vernons, the two companies that account for most of the market, indicated earlier this month that their revenues were down 10 and 15 per cent respectively.

Mr Terry Yardley, Zetters finance director, said the pools industry had been showing signs of recovery in the first half. The group had launched an intensive cost-cutting programme following the launch of the lottery last November.

Pre-tax profits for the six months to September 30 were up from £421,000 to £690,000 ($1.08m) on turnover up from £10.5m to £11.5m.

Earnings per share increased to 6.9p (4.2p) and the interim dividend is lifted from 4p to 5p.

The group does not expect pre-tax profits for the full year to be below the £1.02m of the previous year and the total dividend will not be less than the 8.5p paid last time.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
BAA	9 mths to Dec 31	925	(873)	328	(292)	23.9	(21.1)	-	-	-	-	-
Bullough	Yr to Oct 31	284	(271.4)	17.6	(7.78♠)	9.67	(2.29)	4.3	Apr 6	4.3	6.05	6.05
Caldwell Invs	Yr to Oct 31	8.03	(6.78)	0.18	(0.49)	1.25	(4.05)	0.6125	Apr 8	0.6125	1	1
Continental Foods	6 mths to Oct 31	7.57	(2.73)	432	(185)	0.09	(0.07)	0.02	Apr 20	-	-	-
Filtronic Comtek	6 mths to Nov 30	12.1	(3.3)	1.5	(0.438)	3.23	(1.17)	-	-	-	-	-
Haynes Publishing §	6 mths to Nov 30	11.8	(12.4)	2.15	(2.11)	8.2	(8.1)	4	Apr 28	4	-	9
Motor World	Yr to Oct 30	45.9	(39.4)	4.47	(3.65)	22.8	(23.4)	5.2	Apr 1	4.7	7.7	7
Property Trust	6 mths to Sept 30	1.13	(0.713)	0.254	(0.102)	1.3	(0.5)	-	-	-	-	-
Wintrust	6 mths to Sept 30	-	(-)	1.35	(1.23)	8.45	(7.36)	3.65	Mar 31	3.3	-	10.25
Zetters	6 mths to Sept 30	11.9	(10.7)	0.69	(0.421)	6.9	(4.2)	5	Mar 6	4	-	8.5
Investment Trusts		**NAV (p)**		**Attributable Earnings (£m)**		**EPS (p)**		**Current payment (p)**	**Date of payment**	**Corresponding dividend**	**Total for year**	**Total last year**
St Andrew	Yr to Dec 31	312.7	(324.8)	2.89	(2.71)	8.34	(7.81)	5.4	May 1	5.1	8.2	7.8
TR Smaller Cos	6 mths to Nov 30	193.9	(191.5)	3.61	(4.03)	2.02	(2.26)	1.5	Mar 15	1.5	-	3.8

Dividends shown net. Figures in brackets are for corresponding period. §USM stock. ♠After £4.67m restructuring costs.

COMMODITIES AND AGRICULTURE

Publishers to join fight against 'paper' protesters

By Bernard Simon in Montreal

Leading north American publishers plan to join forces with the forest products industry to blunt environmental protests against forestry practices in the US and Canada.

About 75 producers and consumers will discuss their strategy at a meeting in Montreal on Thursday as part of the Canadian Pulp and Paper Association's annual meeting. Among the publishers to be represented are The New York Times, Dow Jones and Co and Knight-Ridder. The producers will be led by the chief executives of Abitibi-Price, the world's biggest newsprint producer, and Avenor.

Proposals on the agenda include the creation of an international paper council, which would promote the use of paper and attempt to counter protests against ecological damage caused by commercial forestry. A joint advertising campaign will also be discussed.

The publishers are concerned at an escalating campaign by environmental groups, such as Greenpeace, to draw them into protests which have so far been directed at the forestry industry.

Environmentalists organised boycotts in Europe last year to draw attention to tree-cutting practices in British Columbia, especially the harvesting of "old growth" forests.

The producers are confident they have weathered the worst of the protests. However, environmentalists recently launched a letter-writing campaign against newspaper and magazine publishers and have organised protests outside their offices.

The association yesterday painted a rosy picture of world pulp and paper prospects.

Mr Kevin McElhaton, the association's chief economist, said that, with economic growth continuing across north America, Europe and Asia in 1995, "this is the best scenario we've seen for many years".

Mr McElhaton forecast that world newsprint demand will grow by an average of 2.7 per cent annually over the next 3 years, while supply will expand by only 1.2 per cent a year. The ratio of demand to capacity is expected to reach a record 96 per cent in 1997, up from 93 per cent this year.

No new newsprint projects are on the drawing board in north America, and only two new mills are due to come onstream in Europe before 1997.

Pulp and newsprint prices have risen dramatically in the past year. Abitibi-Price last week announced that newsprint transaction prices will rise to US$675 a tonne on May 1 compared with US$420 at the beginning of 1994.

Alison Maitland writes: European paper prices continue to rise with Kymmene, the Finnish pulp and paper group, announcing that its lightweight coated paper – used for magazines and catalogues – will go up by 15-20 per cent at the end of March.

Chinese exports hit lead and zinc

By Kenneth Gooding, Mining Correspondent

A surge in exports from China blighted lead and zinc markets in 1994 even though demand for the metals outside the former eastern bloc countries reached record levels, according to preliminary estimates from the International Lead & Zinc Study Group.

China's zinc exports jumped by about 60 per cent from the 1993 level to more than 200,000 tonnes, enough to push the market into a supply surplus for the fifth successive year.

The country's lead exports rose by 50 per cent to 120,000 tonnes. Nevertheless, the study group suggests the lead market, after two years of substantial over-supply, returned to near-balance: a supply deficit of 25,000 tonnes compared with a surplus of 128,000 tonnes in 1993.

Zinc consumption increased by 193,000 tonnes to a record 5.72m tonnes, 3.5 per cent ahead of 1993 and 6 per cent up on the 1992 total.

But mine output of zinc was down nearly 1 per cent at 5.18m tonnes while production of slab zinc fell by 1.2 per cent to 5.38m tonnes. Total net imports to the west from eastern countries are judged to have risen by 7.4 per cent to 495,000 tonnes. The US national stockpile sold 40,000 tonnes.

Total reported stocks of zinc are now 16m tonnes of which more than 70 per cent is held in London Metal Exchange warehouses. Substantial quantities of Chinese zinc were delivered to LME warehouses in Singapore.

The study group, an intergovernmental organisation financed by about 30 producing countries, estimates that lead consumption reached a record 4.73m tonnes last year, up by 5.3 per cent from 1993. Much of the increase came from the US where consumption of lead in the past two years has jumped by 19.4 per cent.

Mine output of lead edged ahead by 0.8 per cent to 2.01m tonnes while production of refined lead also marginally increased, by 0.8 per cent, to 4.47m tonnes.

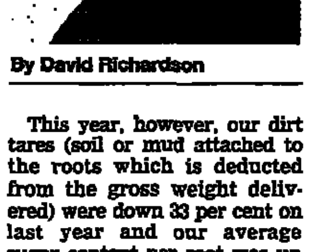
Net imports from eastern countries are estimated at 170,000, up 13.3 per cent, and disposals by the US stockpile totalled 65,000 tonnes.

Lead stocks at the year-end were an estimated 616,000 tonnes, down by 5.2 per cent from December 1993.

Sweet harvest faces sour taste of politics

The UK is in a strong position as it approaches EU talks over sugar quota levels

FARMER'S VIEWPOINT



By David Richardson

This winter's sugar beet harvesting and processing campaign is all over bar the shouting. And most of the shouting will take place in Brussels during the next couple of months as agriculture ministers try to reach agreement on future levels of the European Union sugar quota.

After the wet 1993-94 sugar beet harvest, this one has been a doddle for farmers who grow the crop. That does not mean yields have been universally good. Indeed, they have been well down in some areas, including my own in central Norfolk. But the difficulty, and therefore the cost, of harvesting has been much reduced and damage to soil structure, so much a feature in 1994, has been minimal.

We still have about 20 lorry loads of roots to send to our local factory before it closes on or about February 8.

Our estimate, based on most of our crop sent for processing so far, suggests that this year we will average about 16.8 tonnes an acre of clean beet. Adjusted to 16 per cent sugar equivalent (the basis of payment by British Sugar which purchases all the sugar beet grown in the UK), this comes to 19 tonnes an acre. Last year, in spite of the dreadful conditions, the figures were 18.25 tonnes an acre and 21.5 tonnes an acre respectively.

This year, however, our dirt tares (soil or mud attached to the roots which is deducted from the gross weight delivered) were down 33 per cent on last year and our average sugar content per root was up from 17.1 per cent to 17.5 per cent. All of which helps to compensate for the lower yield.

Some areas have had better yields this year, however. British Sugar's York factory, for instance, is running at 27 per cent above quota tonnage and the management is planning to extend the processing period until mid-February to accommodate the extra roots.

Taken together, the ups and downs across the country seem likely to result in a national crop of about 1.25m tonnes. This is substantially above the present 1.114m-tonne UK A and B quota, which attracts a guaranteed price, and means there will be a quantity of so-called C sugar for sale at world prices, which will also find its way on to the UK market.

It has been suggested that this C, or surplus sugar, will be worth good money this year because of tight world supplies. Moreover, UK farmers with C beet are likely to receive between £23 and £25 a tonne delivered to the factory. This compares with £35 a tonne for A and B beet this year. C beet were worth £15 in 1994 and less than half that in previous years when world supplies of sugar were more plentiful.

The fact that the UK has grown more than its A and B quota, in a year in which some other EU countries have failed to do so because of widespread drought last summer, puts this country in a strong position in the quota negotiations.

That Britain is allowed to produce only half of the sugar required for its domestic consumption and contributes nothing to the EU's annual exportable surplus of around 3m tonnes should also ensure British growers are not asked to accept a quota cut.

Indeed, even if other surplus-producing countries have their sugar quotas cut in order to comply with the GATT agreement, which seeks to reduce the EU's volume of sugar exports by 21 per cent and its export refunds by 36 per cent, there is a strong case for an increase in quota for the UK.

The proposal on the table, admittedly, limits the UK's quota cut to 28,000 tonnes of sugar, which does not sound too drastic against the present quota total of 1.114m tonnes. This figure would not be fixed, however, but subject to annual review. Moreover, if EU sugar consumption were to fall the UK's cut would be bigger.

Furthermore, the UK's B quota (which has a lower guaranteed price than A quota) is only 10 per cent by weight of the A quota. Most other EU states have B quotas amounting to 30 per cent of their A quota and benefit from having more sugar receiving a fully guaranteed price than the UK.

The entire UK sugar beet industry is, in fact, united in resisting any kind of cut to UK quotas. Not only would this mean reduced plantings for farmers of a crop which is economical in its use of resources and therefore environmentally friendly, but also a cut in production at processing factories.

That, in turn, would lead to sugar rationing for UK consumers and draw in supplies from other EU countries where there are big surpluses. Because the price of this sugar is guaranteed, there would be no advantage to consumers, but such an influx would be damaging to UK farmers and the trade balance.

It would accelerate moves which are already on the horizon; namely the exodus of food manufacturers from Britain, where one of their main raw materials – sugar – is in short supply, to other EU countries where there are ample stocks.

Such companies would then regard the UK as an off-shore island which would be forced to import their products, with obvious implications for the balance of payments.

To sugar beet growers and processors, the arguments are compelling and irrefutable. Tightening world supplies of sugar, together with higher prices, should remove some of the external political pressures.

But knowing something of the horse-trading which goes on in Brussels, British farmers' greatest fear is that a few tonnes of sugar quota may be given away in return for an EU deal on animal welfare.

Sugar beet growers, such as myself, would like to see a solution to animal welfare problems. But we would find it difficult to see the justice in linking them to sugar. We trust Mr William Waldegrave, the UK agriculture minister, agrees.

MARKET REPORT

Copper dictates trend in test of base metal prices

A wave of speculative and investment fund selling yesterday knocked base metal prices sharply lower in early dealings on the London Metal Exchange. But later they staged a limited recovery.

Confidence among traders was shaken when technical support levels were breached, but many ended the day in better spirits. "Copper survived its test this morning and has had a good bounce since," one dealer said. COPPER dictated the movements of other metal prices throughout the day, he added.

At one time copper for delivery in three months fell to $2,937 a tonne before climbing back to close at $2,969, down $23.50 from Friday's close.

Technical support between $2,950 and $2,953 was broken with ease in an active pre-market session. The next important technical support level is said to be at $2,888, but the close back above $2,950 enhances the short-term outlook for prices, say chartists.

However, further sharp corrections have not been ruled out in the long term. "If copper falls, it falls fast and hard. I don't think the bull market is over yet, but I do see a major sell-off... in copper possibly to $2,600," said Mr Stefan Judisch, vice-president of Commodity Risk Management at Union Bank of Switzerland.

ALUMINIUM prices hovered near $2,100 a tonne during a bout of early selling, but bounced to close at $2,122, down $17.50 a tonne. Volumes in the rings were said to be light.

News that Russian aluminium exports in 1995 were likely to be similar to the 2.2m tonnes exported last year had little effect on prices, traders said.

If aluminium falls below $2,100, significant technical support might not emerge until $2,018 to $2,020, based on recent lows, chart traders said.

Three-month NICKEL closed above the $10,000 a tonne barrier having slipped to $9,855 at one stage yesterday. It ended at $10,067.50, down $157.50.

ZINC prices followed the trend set by copper for most of the day. It closed down $20 at $1,157.50, off a low of $1,150 a tonne. Traders suggest the next technical support level is at $1,139 to $1,140.

Compiled from Reuters

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	2079-80	2121-23
Previous	2094.5-5.5	2139-40
High/low	2054	2123/2090
AM Official	2054-4.5	2096-6.5
Kerb close		2115-6
Open int.	228,430	
Total daily turnover	57,410	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1990-2000	2030-40
Previous	2030-40	2070-80
High/low		2020/2010
AM Official	1965-75	2010-15
Kerb close		2030-40
Open int.	2,742	
Total daily turnover	267	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	658-9	675.5-6.0
Previous	673.5-4.5	690-1
High/low		685/665
AM Official	648-9	668-9
Kerb close		675-6
Open int.	39,661	
Total daily turnover	7,709	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	9890-900	10065-70
Previous	10050-60	10220-30
High/low		10100/9855
AM Official	9695-95	9855-60
Kerb close		10030-40
Open int.	57,917	
Total daily turnover	19,294	

■ TIN ($ per tonne)

	Cash	3 mths
Close	6190-200	6293-5
Previous	6305-15	6405-10
High/low		6350/6200
AM Official	6145-55	6250-60
Kerb close		6285-90
Open int.	22,841	
Total daily turnover	8,769	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1129-30	1157-8
Previous	1150-1	1177-8
High/low		1175/1151
AM Official	1128-8.5	1156-7
Kerb close		1156-7
Open int.	100,644	
Total daily turnover	33,418	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2979-81	2968-70
Previous	3002-3	2992-3
High/low	2968	2975/2937
AM Official	2967-8	2953.5-4.0
Kerb close		2965-6
Open int.	232,596	
Total daily turnover	59,698	

■ LME AM Official £/$ rate: 1.5890
LME Closing £/$ rate: 1.5881

Spot:1.5943 3 mths:1.5928 6 mths:1.5910 9 mths:1.5889

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	Low	Open int	Vol
Feb	139.05	-0.15	139.35	137.60	1,506	318
Mar	137.60	-0.60	138.20	136.30	30,216	8,591
Apr	136.35	-0.25	136.35	136.35	1,025	12
May	134.45	-0.05	134.90	133.20	6,322	363
Jun	132.60	-0.20	132.40	132.40	593	14
Jul	130.70	-0.05	131.00	129.60	4,258	145
Total					52,388	9,591

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	375.40-375.80	
Opening	377.50-377.90	
Morning fix	375.80	236.519
Afternoon fix	375.90	236.534
Day's High	377.50-377.90	
Day's Low	375.30-375.70	
Previous close	378.20-378.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.31	6 months	5.47
2 months	4.58	12 months	6.00
3 months	4.93		

Silver Fix	p/troy oz.	US cts equiv.
Spot	294.20	467.50
3 months	298.55	473.90
6 months	303.75	481.90
1 year	316.00	498.75

Gold Coins	$ price	£ equiv.
Krugerrand	378-381	238-241
Maple Leaf	387.20-389.65	
New Sovereign	88-91	55-58

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Feb	376.8	-	377.5	376.0	20,881	37,851
Mar	377.7	+0.1	-	-	4	3
Apr	379.4	+0.1	379.8	378.3	57,400	45,975
Jun	382.9	+0.1	383.3	382.1	28,474	5,656
Aug	386.9	-	387.3	386.2	15,390	830
Oct	391.0	-	-	-	4,701	4
Total					176,496	90,924

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Apr	418.7	+3.7	418.9	413.5	17,481	3,855
Jul	422.5	+3.7	423.0	418.0	4,317	52
Oct	426.7	+3.7	-	-	1,125	5
Jan	430.4	+3.7	-	-	150	-
Total					23,085	1,711

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Mar	158.70	+0.95	159.00	157.50	5,781	663
Jun	160.20	+0.95	-	-	1,789	113
Sep	161.20	+0.95	-	-	276	1
Dec	161.95	+0.95	-	-	53	1
Total					7,898	1,187

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Feb	471.4	+5.7	-	-	2	1
Mar	473.0	+5.5	473.5	468.5	65,660	22,584
May	478.4	+5.5	479.0	472.0	14,104	1,515
Jul	484.2	+5.5	484.5	478.0	7,890	442
Sep	490.0	+5.5	488.5	485.0	10,162	103
Dec	499.3	+5.5	498.0	493.0	15,336	73
Total					133,011	24,827

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Mar	18.05	+0.10	18.10	17.89	96,296	65,614
Apr	17.93	+0.07	17.97	17.84	52,863	23,348
May	17.88	+0.08	17.88	17.80	23,597	9,905
Jun	17.80	+0.06	17.80	17.74	36,178	6,737
Jul	17.75	+0.05	17.75	17.68	16,539	2,731
Aug	17.71	+0.04	17.71	17.71	13,870	945
Total					375,333	113,833

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Mar	16.43	+0.04	16.53	16.35	86,600	27,843
Apr	16.36	+0.02	16.44	16.30	40,448	16,538
May	16.35	-	16.40	16.28	14,501	3,845
Jun	16.38	+0.04	16.38	16.29	11,000	1,082
Jul	16.32	+0.03	16.34	16.26	7,089	330
Aug	16.30	+0.03	16.30	16.30	4,348	41
Total					185,498	49,581

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	47.80	+0.53	47.90	47.30	15,105	9,976
Mar	47.90	+0.45	48.00	47.40	38,065	18,592
Apr	47.90	+0.40	47.95	47.80	18,145	3,522
May	47.90	+0.35	47.95	47.70	10,049	1,560
Jun	47.95	+0.35	47.95	47.75	8,108	942
Jul	48.15	+0.30	48.25	48.05	8,355	890
Total					123,975	35,783

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	143.50	+0.25	144.00	143.25	41,715	5,239
Mar	145.75	+0.75	146.50	145.50	24,071	4,936
Apr	146.75	+1.00	147.25	146.50	16,074	2,060
May	147.25	+1.25	147.50	146.75	4,343	421
Jun	148.00	+1.00	148.25	147.50	8,792	1,629
Jul	149.50	+0.75	149.50	149.00	2,456	54
Total					105,496	16,598

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Mar	1.390	-0.001	1.390	1.360	29,844	6,060
Apr	1.410	-0.013	1.410	1.390	13,855	1,872
May	1.460	-0.010	1.485	1.450	11,486	731
Jun	1.510	-0.013	1.510	1.505	10,194	426
Jul	1.550	-0.008	1.555	1.550	10,826	463
Aug	1.565	-0.009	1.570	1.570	9,183	224
Total					147,076	13,969

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	55.75	-0.32	56.10	55.40	8,039	5,507
Mar	54.95	+0.15	55.15	54.50	19,100	12,804
Apr	57.00	+0.04	57.05	56.70	15,125	5,206
May	56.80	-0.06	56.70	56.40	10,179	1,489
Jun	56.25	-0.11	56.25	56.20	3,861	637
Jul	55.65	-0.06	55.73	55.60	1,253	113
Total					62,697	28,751

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	109.95	+0.25	110.10	110.00	1,366	87
May	111.90	+0.30	112.00	111.85	1,977	115
Jul	113.50	+0.85	113.25	113.25	384	5
Sep	99.05	+0.15	99.25	99.00	128	58
Nov	100.05	+0.10	100.25	100.00	1,537	286
Jan	102.05	+0.20	102.05	102.00	229	-
Total					5,621	621

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	368/4	+3/0	369/0	363/2	36,119	6,413
May	355/4	+1/2	356/0	353/0	11,583	1,815
Jul	337/2	+1/4	337/4	335/0	18,144	3,296
Sep	342/2	+2/0	342/2	340/0	1,281	86
Dec	353/2	+2/2	353/4	351/4	814	64
Mar	356/4	+1/4	-	-	14	-
Total					68,971	11,677

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	229/4	-2/6	231/4	228/6	111,418	15,042
May	237/0	-2/2	238/4	236/0	66,226	4,645
Jul	242/2	-2/0	243/4	241/2	60,248	3,940
Sep	247/6	-1/0	248/4	246/4	8,510	271
Dec	253/0	-0/2	253/0	251/4	47,805	1,838
Mar	259/2	-0/2	259/2	258/0	5,818	398
Total					304,803	26,329

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	105.15	+0.50	105.00	105.00	285	5
May	106.15	-	-	-	79	-
Sep	98.00	+0.25	98.00	98.00	52	10
Nov	99.60	+0.25	99.75	99.50	167	32
Jan	101.00	+0.10	-	-	11	-
Total					594	47

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	549/0	-4/6	552/4	547/4	58,285	11,784
May	557/6	-4/2	561/0	556/0	31,166	3,181
Jul	563/0	-4/2	566/2	561/4	29,631	3,350
Aug	566/0	-4/0	569/2	565/0	3,209	230
Sep	568/2	-3/2	570/4	566/2	2,620	46
Nov	576/2	-4/2	579/4	574/4	16,274	1,804
Total					142,729	20,532

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	26.90	-0.03	26.92	26.62	37,177	12,106
May	25.90	-0.06	25.90	25.62	24,348	3,896
Jul	25.38	-0.05	25.40	25.17	15,162	2,774
Aug	25.05	-0.07	25.07	24.90	3,992	711
Sep	24.79	-0.01	24.85	24.70	4,737	630
Oct	24.55	-0.02	24.55	24.50	5,415	52
Total					98,269	21,171

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	157.1	-1.3	158.0	156.9	35,554	6,606
May	159.6	-1.1	160.1	159.4	22,414	2,753
Jul	163.5	-1.2	164.0	163.0	17,546	1,572
Aug	165.3	-1.2	166.0	164.9	5,506	68
Sep	167.1	-1.2	167.3	166.8	3,740	30
Oct	168.4	-1.4	169.0	168.4	6,906	45
Total					97,920	11,828

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	351.5	-5.8	-	-	-	-
Apr	351.5	-5.8	359.0	349.0	1,085	120
May	369.5	-5.5	-	-	56	-
Jun	250.0	-	-	-	-	-
Total					1,146	120

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	1992	-1	-	-	737	15
Feb	1915	+35	1915	1895	411	4
Mar	1905	+45	1890	1875	251	25
Apr	1905	+52	1905	1888	1,426	-
Jul	1700	+45	-	-	462	1
Oct	1720	+40	1710	1710	387	-
Total					3,759	45

	Close	Prev
BFI	1977	1983

Tea
The Tea Broker's Association reports, good demand. Assams sold well but at generally lower levels. Selected brightest East Africans met good competition and prices advanced 2 to 3 pence. Lighter liquoring and most medium types opened firm but closed 2 to 4 pence easier. Fair demand with prices again easier where sold. Quotations: best available 140p/kg. nom., good 122p/kg., good medium 112p/kg., medium 92p/kg., low medium 82p/kg. The highest price realised this week was 144p for a Burundi pd.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	1003	+3	1003	995	35,025	708
May	1006	+3	1005	998	19,072	560
Jul	1016	-4	1012	1009	10,229	218
Sep	1027	+6	1026	1019	15,419	1,306
Dec	1038	+6	1035	1030	14,351	193
Mar	1048	-3	1045	1040	11,775	1,260
Total					113,987	4,362

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	1373	+2	1383	1360	28,915	5,496
May	1400	0	1411	1390	19,897	2,436
Jul	1426	+1	1432	1415	9,875	886
Sep	1447	+1	1448	1434	2,754	47
Dec	1468	-2	-	-	4,522	15
Mar	1490	-5	1480	1474	6,856	109
Total					81,429	9,387

■ COCOA (ICCO) (SDR's/tonne)

Jan 27	Price	Prev. day
Daily	1013.24	1021.89

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	2688	-92	2735	2690	62	9
Mar	2720	-78	2765	2690	12,191	3,222
May	2684	-80	2720	2655	8,663	1,393
Jul	2665	-58	2690	2645	2,767	230
Sep	2645	-90	2690	2670	2,981	86
Nov	2640	-93	2680	2680	783	13
Total					27,535	4,953

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	157.45	-4.20	160.50	154.75	13,867	8,146
May	159.15	-4.05	160.30	156.60	10,240	1,884
Jul	159.50	-5.25	161.75	158.75	4,495	582
Sep	161.00	-4.30	162.50	159.30	2,889	234
Dec	161.00	-3.00	162.30	159.00	3,156	112
Mar	160.00	-2.50	158.00	159.00	314	9
Total					35,018	10,978

■ COFFEE (ICO) (US cents/pound)

Jan 27	Price	Prev. day
Comp. daily	149.59	152.86
15 day average	152.86	153.28

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	14.69	+0.09	-	-	920	-
May	14.61	-0.04	-	-	860	-
Jul	14.40	-	-	-	300	-
Oct	13.53	-	-	-	-	-
Jan	11.95	-	-	-	-	-
Total					2,080	-

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	400.70	-	404.00	399.50	10,832	1,908
May	393.80	-1.20	398.00	394.20	8,041	660
Aug	381.80	+0.50	384.00	381.60	5,796	345
Oct	354.80	+1.00	358.50	354.00	2,226	37
Dec	351.80	+0.90	-	-	143	-
Mar	346.80	+0.90	346.10	345.00	450	12
Total					27,383	2,962

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	14.37	-	14.58	14.30	55,163	8,285
May	14.28	-0.08	14.49	14.23	44,400	7,616
Jul	13.54	-0.05	13.70	13.52	31,076	3,697
Oct	12.99	-0.03	13.10	12.98	32,856	486
Mar	12.59	+0.04	12.67	12.52	8,348	119
May	12.60	-0.02	12.55	12.55	2,669	13
Total					173,882	11,818

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	94.35	+0.14	94.70	93.05	29,049	4,741
May	95.35	+0.30	95.70	94.20	16,241	1,064
Jul	93.18	+0.80	93.24	89.25	12,080	1,583
Oct	80.40	-0.02	80.77	80.10	4,095	473
Dec	74.45	-0.10	74.75	74.31	13,749	1,811
Mar	75.46	-0.07	75.80	75.40	823	313
Total					73,229	11,616

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	102.70	+0.35	103.40	101.25	15,864	1,289
May	106.25	+0.10	107.20	105.80	3,498	147
Jul	109.85	-0.05	110.00	109.00	887	17
Sep	112.65	-	114.25	112.80	2,852	1
Nov	111.80	+0.45	-	-	3,821	36
Jan	112.75	+0.60	-	-	830	-
Total					28,883	1,681

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Jan 30	Jan 27	month ago	year ago
2272.5	2279.1	N/A	1726.0

■ CRB Futures (Base: 1967=100)

Jan 27	Jan 26	month ago	year ago
234.01	235.48	236.36	225.00

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	74.250	-0.125	74.625	74.025	19,987	4,308
Apr	74.200	-0.575	74.625	74.000	42,066	5,297
Jun	67.500	-0.875	68.000	67.300	15,209	1,455
Aug	64.275	-0.775	64.800	64.200	5,593	417
Oct	65.125	-0.775	65.550	65.075	831	80
Dec	66.000	-0.600	66.450	65.900	444	21
Total					86,868	11,744

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	40.400	-0.150	40.650	39.950	7,208	3,293
Apr	40.250	-0.225	40.425	39.950	16,566	3,556
Jun	45.450	-0.250	45.550	45.000	7,895	1,180
Aug	44.475	-0.350	44.800	44.300	1,880	150
Oct	41.900	-0.325	42.125	41.800	2,072	215
Dec	42.500	-0.175	42.600	42.300	1,825	131
Total					38,280	8,808

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	43.850	+0.300	43.950	43.250	3,193	1,383
Mar	44.325	+0.625	44.450	43.650	3,360	800•
May	45.050	+0.300	45.400	44.750	1,921	401
Jul	46.200	+0.225	46.200	45.550	1,280	82
Aug	43.800	+0.200	44.200	43.750	248	43
Feb	52.500	+0.400	52.500	52.100	50	1
Total					10,061	2,710

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Apr	Jul	Apr	Jul
2000	162	217	52	98
2100	106	165	94	143
2150	84	123	151	198
■ COPPER (Grade A) LME	Apr	Jul	Apr	Jul
2900	146	115	72	153
2950	118	95	93	182
3000	94	78	119	213
■ COFFEE LCE	Mar	May	Mar	May
2700	91	179	71	195
2750	68	160	98	226
2800	50	142	130	258
■ COCOA LCE	Mar	May	Mar	May
950	57	80	4	24
975	38	65	10	34
1000	23	52	20	48
■ BRENT CRUDE IPE	Apr	Jul	Apr	Jul
1600	72	92	30	60
1650	42	69	55	87
1700	26	51	84	119

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Mar)

		+or-
Dubai	$15.90-6.00t	-0.025
Brent Blend (dated)	$16.65-6.67	+0.23
Brent Blend (Mar)	$16.48-6.50	+0.06
W.T.I. (1pm est)	$18.05-8.07t	+0.14

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$160-162	-2
Gas Oil	$146-147	
Heavy Fuel Oil	$95-97	-3
Naphtha	$162-164	
Jet fuel	$160-163	+1.5
Diesel	$150-151	

Petroleum Argus. Tel. London (071) 359 8792

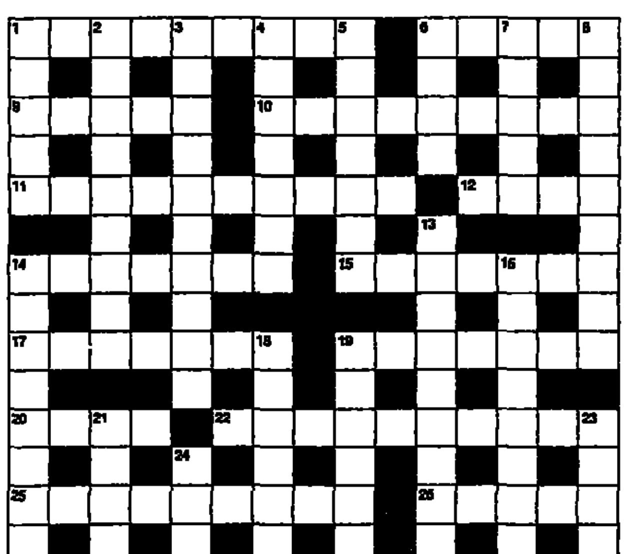
■ OTHER

Gold (per troy oz)♣	$375.60	-2.75
Silver (per troy oz)♣	470.50c	-2.00
Platinum (per troy oz.)	$413.10	-4.40
Palladium (per troy oz.)	$158.75	-1.15
Copper (US prod.)	145.0c	-2.0
Lead (US prod.)	42.25c	
Tin (Kuala Lumpur)	N/A	
Tin (New York)	290.5c	-4.0
Cattle (live weight)†	117.89p	-0.78*
Sheep (live weight)†♠	118.91p	+0.01*
Pigs (live weight)	82.03p	+1.13*
Lon. day sugar (raw)	$352.9	-0.9
Lon. day sugar (wte)	$403.9	+1.9
Tate & Lyle export	£336.0	+1.0
Barley (Eng. feed)	£110.5	
Maize (US No3 Yellow)	£141.0	
Wheat (US Dark North)	£165.0	
Rubber (Mar)♥	119.5p	
Rubber (Apr)♥	120.0p	
Rubber (KL RSS No1Jul)	450.5m	
Coconut Oil (Phil)§	$615.0y	+10.0
Palm Oil (Malay.)§	$542.5u	+2.5
Copra (Phil)§	$393.0y	
Soyabeans (US)	£165.0g	
Cotton Outlook'A' index	98.60c	+0.30
Wooltops (64s Super)	512p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. l Mar. y Mar/Apr. u Feb. q Jan/Mar. † Meat Commission av. prices. ♠ CIF Rotterdam. ‡ Bullion market close. ♣ Sheep (Live weight prices). * Change on week. ♦ Prices are for previous day.

CROSSWORD

No.8,674 Set by QUARK



ACROSS
1 It's put in to make synthetic building material (9)
6 One who hoards from island in a foreign sea (5)
9 The girl's inane? Not so (5)
10 Victor I upset is about 51 and very bitter (9)
11 It's most common before concealing, it's said (10)
12 Dairy product produced in turn (4)
14 Odd floe breaking up supplied excessive quantity (7)
15 The best team is quite beefy (7)
17 Misrepresent pictures put back by dictator (7)
19 Billiard ball can be thus identified (7)
20 Medicinal preparation to remove wrinkles? (4)
22 Time order (10)
25 It describes plot in which we initially prepare ground roughly (9)
26 Standing up without a break (2,3)
27 Give up the profit (5)
28 Act on deal struck consisting of accounts (9)

DOWN
1 Immobilise car left in temporary lodging area (5)
2 State a producer of 20 (9)
3 Announcement of end of transmission in two cricket terms (4,3,3)
4 One not fit is ineffective (7)
5 Incorporated in former text (no longer existing) (7)
6 Post man we hear? (4)
7 Very large turned up hat isn't flimsy (5)
8 Suggest advocate (9)
13 Mischievous and next to useless? (2,2,2,4)
14 Putting together student year appropriately (9)
16 Shy dog in unusual tint? (9)
18 Anteater can hide with camouflage (7)
19 Punish company going into sudden growth (7)
21 Lightweight animal (5)
23 Produce some notes about Switzerland? (5)
24 Brave, but could be dismissed, say (4)

Solution to Saturday's prize puzzle on Saturday February 11.
Solution to yesterday's prize puzzle on Monday February 13.

INTERNATIONAL CAPITAL MARKETS

Late fall in Germany drags down rest of Europe

By Graham Bowley in London and Lisa Bransten in New York

German government bonds fell in late trading yesterday, dragging other European markets lower.

Bunds opened higher after Friday's rise in US Treasuries but data showing a sharp rise in German import prices, and comments by a Bundesbank economist that the central bank "must remain vigilant" on inflation, soon undermined market sentiment and triggered profit-taking.

"The actual outlook for inflation is not as good as previous weeks' figures have suggested and the market corrected for that today," said Ms Wendy Niffikeer, at IBJ International.

Monetary and inflation data last week had heightened speculation that the Bundesbank might revert to a variable rate repo at Thursday's council meeting.

Mr Stefan Schneider, at S. G. Warburg in Frankfurt, said this speculation caused a 50 basis point drop in three-month money market rates last week, with markets anticipating an interest rate of 5½ per cent by June, compared with 6 per cent at the beginning of the week.

However, yesterday's disappointing import data pushed expectations higher again, he said. In late trading, the March futures contract on DTB was down 0.26 at 90.27.

In the cash market, the yield on 10-year bonds fell to 7.38 per cent before rising to 7.44 per cent by the session's close.

■ UK prices weakened slightly, although the yield spread over Germany narrowed as gilts outperformed bunds. Attention remains focused on Thursday's meeting between the Treasury and the Bank of England.

GOVERNMENT BONDS

Short-dated gilts outperformed longer-dated stocks by around 2 basis points as market sentiment "shifted to the view that there will be no base rate rise after Thursday's meeting", according to Mr Brian Plaistowe, at Nomura.

Weaker than expected M0 money supply and lending data provided a further boost to the short-dated end of the market.

Today is the deadline for comments on the Bank of England's consultative paper on the development of an open gilt repo market.

■ In other European bond markets, yield spreads over Germany widened. In France, the March notional bond contract on Matif settled at 111.4, down 2 basis points, with the spread against German bunds widening to 69 basis points.

Dealers said Thursday's OAT auction was weighing on prices.

■ The long end of the US Treasury market yesterday morning gave back some of the gains made in Friday's rally as investors waited to see what the Federal Reserve would do at the two-day meeting of its Open Market Committee set to begin today.

At midday, the benchmark 30-year Treasury was down $\frac{5}{32}$ at $96\frac{1}{32}$ to yield 7.750 per cent. At the short end of the market, the two-year note rose $\frac{1}{32}$ to $100\frac{5}{32}$, yielding 7.227 per cent.

The consensus on Wall Street holds that the Fed will raise rates by 50 basis points and inflation will be held in check.

However, some fear of rising inflation was shown in the widening spread between yields on two-year and 30-year notes, which grew to 52 basis points from 49 points late on Friday. Such a movement is generally interpreted as a signal that the market expects economic growth, but some attributed yesterday's widening to short-covering in the two-year market in preparation for an economic slowing.

Income data released in the morning came in slightly stronger than expected while consumption figures were in line with economists' estimates. The Commerce Department reported that personal income rose by 0.8 per cent in December, compared with expectations closer to 0.6 per cent, and consumption expenditures were up 0.3 per cent.

Emerging market offers delayed

By Conner Middelmann

Planned international equity issues for a Pakistani cement project and a Philippine shipping company have beem postponed amid continuing nervousness overhanging the emerging markets.

INTERNATIONAL EQUITY ISSUES

A $70m offering for Hercules Cement, which was due to be priced yesterday, was pulled as market conditions in Pakistan deteriorated dramatically.

"During the two-week roadshow it became clear that investors liked the company very much, but the markets were against us," said an official with lead manager ABN Amro.

The Pakistan stock index fell by more than 8 per cent last Tuesday and Wednesday. "That was too much to keep people interested," he said.

The issuer and lead manager are now exploring a range of fundraising options to keep the project – a $216m greenfield project financing for the Nishat Group – on course.

ABN Amro said it does not rule out a return to the equity market if conditions improve.

An estimated $28m to $32m GDR issue for Pakistan's Synergy Synthetics, via Citibank, has also been pushed back slightly and is not expected to come to the market until late February.

The planned flotation of the Philippines' largest shipping company, William Lines, is another casualty of nervous conditions in the emerging markets.

Its planned $100m offering, about half of which was to have been sold to international investors, has been postponed until market conditions improve, said lead manager Baring Brothers.

The decision to delay the deal was taken after roadshows in Hong Kong, Singapore, Edinburgh and London revealed a lack of investor appetite.

"Everyone said they liked the company, but not in the current market environment," said a Baring official.

Philippine IPOs tend to involve a three to four-week delay between the time investors commit to buy the paper and they are able to trade it. "That can be a significant risk in these very volatile markets," said a dealer.

Moreover, a recent issue for the Philippine company Alaska Milk has set a discouraging precedent.

Priced in early December at 6.1 pesos a share, it fell as low as 5 pesos in recent weeks and currently trades in the 5.20 pesos to 5.30 pesos range.

While that represents a limited fall against the overall market, it nevertheless provided investors with a further excuse not to buy Philippine shares.

In this environment, many doubt that a larger offering by Piltel, the Philippines telephone company, via Goldman Sachs and Baring will take place in early February as expected.

Another east Asian issue that many dealers do not expect before late February at the earliest is an estimated $90m offering for Taiwan's GVC Corporation, a computer-related products maker, via Goldman Sachs and Carr Indosuez.

"Investors are not sure whether to return to the emerging markets," said one syndicate official. "If you don't know where your investors are, you are launching deals with a heavy blind spot."

Czech telecoms group sets loan benchmark

By Nicholas Denton

Spreads on loans to east European borrowers have narrowed dramatically with the latest deal from the Czech Republic.

SPT Telecom, the Czech telecommunications company, has set a new benchmark with a $100m syndicated loan launched yesterday by Crédit Lyonnais of France.

The arranger said the SPT loan would carry an interest rate of 35 basis points over the London interbank rate (Libor).

The spread is much narrower than that on recent loans taken out by borrowers from the Czech Republic and other east European countries.

The interest rate for the SPT loan is well within that for the local banks which pioneered Czech companies' moves on to the syndicated loan market.

Ceskoslovenska Obchodni Banka, Komercni Banka and Investicni Banka, the three largest Czech commercial banks, have borrowed at 70, 65 and 65 basis points respectively over Libor.

SPT is the first Czech company to tap the international loan markets independently. CEZ, the electrical utility, issued a eurobond last year.

It is believed that the Czech Republic is also considering a syndicated loan in the light of aggressive, but successful pricing of the Republic of Portugal's recent financing.

SPT's loan sets a benchmark, not only for Czech borrowers but for the country's east European neighbours.

Terms have improved for most borrowers as banks have recovered their willingness to lend, but emerging countries like the Czech Republic and Thailand have experienced the most dramatic improvement.

Co-arranger on the SPT deal was Fuji Bank. Bank of America and Westdeutsche Landesbank were also involved.

Subordinated issues take centre stage

By Richard Lapper

Subordinated issues by two financial institutions – Royal Bank of Scotland and Colonial Mutual – were the highlights of a quiet day in the euromarkets yesterday.

The Royal Bank of Scotland re-opened an issue of 20-year subordinated bonds, raising a further £100m after an initial issue of £150m in May 1994.

INTERNATIONAL BONDS

UBS, the lead manager, reported good demand from UK life insurance companies and other investors interested in the longer end of the yield curve.

The issue, which classifies as lower tier two capital for regulatory purposes, was priced at 120 basis points over the 8.75 per cent gilt due 2017 and held its price when freed to trade.

Colonial Finance, the financing subsidiary of Colonial Mutual, the Australian life insurance company, issued a $100m 10-year step-up floating-rate note callable from February 1998.

The bonds were priced at 75 basis points over Libor for the first five years of their life when they are treated as capital for regulatory purposes in their entirety.

Subsequently, the amount of the issue classifying as regulatory capital falls by 20 per cent of its original value each year and the yield rises to 175 basis points.

The bonds were placed with institutional buyers, with two-thirds of demand coming from Asia, said Goldman Sachs, the lead manager.

Elsewhere, GECC, the financing arm of General Electric, was again back in the markets, tapping the sterling sector for the first time this year. Its £100m five-year issue was priced to yield 20 basis points over the relevant UK gilt.

The yield spread over the gilt widened when the syndicate broke, and the bonds were trading at 23 basis points over by late afternoon.

Syndicate managers at Goldman Sachs, which led the issue, said it was mainly targeted towards retail buyers.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Colonial Finance(a)‡	150	(a1)	100.00R	Feb.2005	undisc.	-	Goldman Sachs International
STERLING							
Royal Bank of Scotland(b)	100	9.625	97.538R	Jun.2016	0.625R	+120(8¾%-17)	UBS
GECC	100	9.00	100.17R	Feb.2000	0.25R	+20(8%-00)	Goldman Sachs International
SWISS FRANCS							
City of Vienna, Tranche 2(c)	150	5.375	102.60	Feb.2000	2.00	-	Credit Suisse
GUILDERS							
Rabobank Nederland(d)	150	7.50	102.43	Dec.1999	1.875	-	Rabobank Nederland
LUXEMBOURG FRANCS							
Banque UCL	2bn	7.75	101.85	Apr.1999	1.625	-	Banque UCL

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ‡ Floating-rate note. R: fixed re-offer price; fees shown at re-offer level. a) Callable on any coupon date from Feb.98 at par. a1) 6-mth Libor +75bp for 1st 5yrs and +175bp thereafter. b) Fungible with £150m. Plus 240 days accrued. c) SFr100m launched 17/1/95 was increased to SFr250m. d) Fungible with Fl 350m. Plus 70 days accrued.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	92.8500	+0.350	10.16	10.57	10.22
Austria		7.500	01/05	99.1500	−0.080	7.62	7.71	7.64
Belgium		7.750	10/04	96.0600	−0.050	8.35	8.50	8.38
Canada *		9.000	12/04	98.0500	+0.150	9.30	9.63	9.09
Denmark		7.000	12/04	87.4700	+0.100	8.96	9.10	8.79
France	BTAN	8.000	05/98	101.0900	+0.050	7.59	7.60	7.27
	OAT	7.500	04/05	95.7400	−0.210	8.12	8.25	8.16
Germany Bund		7.375	01/05	99.5400	−0.210	7.44	7.59	7.47
Ireland		6.250	10/04	83.2500	+0.100	8.78†	8.78	8.75
Italy		8.500	08/04	80.5400	−0.140	11.99	11.87	12.00
Japan	No 119	4.800	06/99	103.9800	+0.080	3.76	3.84	3.91
	No 164	4.100	12/03	96.3940	−0.090	4.68	4.73	4.62
Netherlands		7.250	10/04	97.5800	−0.120	7.60	7.75	7.65
Portugal		8.875	01/04	83.4000	+2.200	11.64	11.64	11.62
Spain		10.000	02/05	89.0400	−0.100	11.80	11.95	11.33
Sweden		6.000	02/05	70.7240	+0.200	10.86	11.10	10.86
UK Gilts		6.000	08/99	90-19	+2/32	8.55	8.67	8.47
		6.750	11/04	87-29	+1/32	8.60	8.75	8.48
		9.000	10/08	103-12	-	8.58	8.71	8.47
US Treasury *		7.875	11/04	101-18	+12/32	7.64	7.84	7.81
		7.500	11/24	96-31	+16/32	7.76	7.93	7.84
ECU (French Govt)		8.000	04/04	84.3400	+0.010	8.51	8.70	8.65

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

		One month	5.13	Two year	7.26
Prime rate	8½	Two month	5.60	Three year	7.38
Broker loan rate	6½	Three month	5.89	Five year	7.56
Fed.funds	$5\frac{15}{16}$	Six month	6.41	10-year	7.63
Fed.funds at intervention	-	One year	6.78	30-year	7.75

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	111.56	111.40	-0.02	111.60	111.20	108,685	127,496
Jun	110.68	110.56	-	110.74	110.36	1,727	5,506
Sep	110.00	109.92	+0.02	110.00	109.90	191	1,451

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Feb	Calls Mar	Calls Jun	Puts Feb	Puts Mar	Puts Jun
109	-	-	-	0.13	0.94	-
110	1.67	-	-	0.26	1.26	-
111	0.99	1.33	-	0.54	1.74	-
112	0.48	0.84	-	1.05	-	-
113	0.17	0.51	-	-	-	-

Est. vol. total, Calls 9,728 Puts 16,155 . Previous day's open int., Calls 183,079 Puts 176,275.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	90.71	90.32	-0.19	90.73	90.25	121173	210515
Jun	90.08	89.74	-0.18	90.08	89.74	219	6186

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Mar	Calls Apr	Calls May	Calls Jun	Puts Mar	Puts Apr	Puts May	Puts Jun
9000	0.69	0.63	0.80	0.95	0.45	0.98	1.15	1.30
9050	0.44	0.44	0.60	0.75	0.70	1.29	1.45	1.60
9100	0.26	0.30	0.44	0.58	1.02	1.65	1.79	1.93

Est. vol. total, Calls 16822 Puts 6663. Previous day's open int., Calls 178494 Puts 112149

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	99.90	99.45	-0.28	99.94	99.33	21130	57878
Jun	98.49	98.48	-0.28	98.49	98.49	25	683

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
9950	1.06	1.78	0.86	2.45
10000	0.79	1.54	1.11	2.71
10050	0.58	1.33	1.41	3.00

Est. vol. total, Calls 2066 Puts 3197. Previous day's open int., Calls 23510 Puts 28114

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	84.32	83.98	-0.16	84.33	83.97	33,386	49,035
Jun	-	83.35	-	-	-	-	527

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	101-27	101-24	+0-02	101-31	101-17	33704	98851
Jun	101-22	101-30	+0-06	101-31	101-22	505	1374

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
101	1-01	2-05	0-47	1-43
102	0-35	1-37	1-17	2-11
103	0-16	1-10	1-62	2-48

Est. vol. total, Calls 10036 Puts 4295. Previous day's open int., Calls 42338 Puts 46399

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	81.60	81.44	+0.02	81.60	81.22	3,061	6,512
Jun	-	81.16	+0.02	-	-	-	-

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	101-05	101-03	-0-06	101-09	100-29	451,140	357,840
Jun	100-23	100-20	-0-05	100-26	100-14	6,120	26,446
Sep	-	100-16	-	-	-	890	3,924

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	108.45			108.59	108.45	1686	0
Jun	107.79			107.82	107.79	321	0

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Mon Jan 30	Day's change %	Fri Jan 27	Accrued interest	xd adj. ytd		Low coupon yield Jan 30	Jan 27	Yr. ago	Medium coupon yield Jan 30	Jan 27	Yr. ago	High coupon yield Jan 30	Jan 27	Yr. ago
1 Up to 5 years (23)	118.76	+0.10	118.67	1.49	1.40	5 yrs	8.69	8.61	5.65	8.59	8.60	5.87	8.78	8.80	5.98
2 5-15 years (22)	139.40	+0.12	139.64	1.59	1.59	15 yrs	8.47	8.48	6.40	8.59	8.61	6.50	8.81	8.82	6.69
3 Over 15 years (9)	155.19	+0.15	154.96	0.79	2.83	20 yrs	8.43	8.45	6.51	8.59	8.61	6.53	8.73	8.75	6.70
4 Irredeemables (6)	178.49	+0.16	178.21	2.44	0.00	Irred.†	8.50	8.50	6.62						
5 All stocks (60)	136.26	+0.12	136.31	1.46	1.72										

Index-linked	Mon Jan 30	Day's change %	Fri Jan 27	Accrued interest	xd adj. ytd		Inflation 5% Jan 30	Jan 27	Yr. ago	Inflation 10% Jan 30	Jan 27	Yr. ago
6 Up to 5 years (2)	189.39	+0.07	189.26	1.68	0.00	Up to 5 yrs	3.88	3.90	2.23	2.58	2.60	1.36
7 Over 5 years (11)	173.91	+0.11	173.72	0.59	0.59	Over 5 yrs	3.89	3.90	2.93	3.70	3.71	2.75
8 All stocks (13)	174.60	+0.10	174.42	0.69	0.53							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Jan 30	Jan 27	Jan 26	Jan 25	Jan 24	Yr ago	High*	Low*
Govt. Secs. (UK)	91.28	90.99	90.61	90.50	90.55	106.46	107.04	89.54
Fixed Interest	109.52	109.40	109.11	109.04	109.01	132.59	233.87	106.50

* for 1994/5. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94) , low 50.53 (3/1/75) . Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Jan 27	Jan 26	Jan 25	Jan 24	Jan 23
Gilt Edged bargains	105.3	96.7	137.7	83.9	88.5
5-day average	101.2	98.1	92.8	83.9	84.5

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on January 30

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	88⅛	89⅜	+⅛	8.36
Alberta Province 7⅜ 98	1000	98⅞	99¼	+⅛	7.97
Austria 8½ 00	400	102¼	102½	+⅛	7.93
Bank Ned Gemeenten 7 99	1000	96⅞	97	+⅛	7.82
United Kingdom 7⅛ 97	5500	101	101¼	-¼	6.70
Volkswagen Intl Fin 7 03	1000	94½	95	-⅛	7.92
World Bank 0 15	2000	22⅛	22⅞	-⅛	7.49
World Bank 5⅞ 03	3000	86⅞	86⅞	-⅛	7.86
World Bank 8⅛ 00	1250	110	112⅜	-⅛	6.42
Abbey Natl Treasury 8 03 £	1000	92⅛	92⅝	+⅛	8.37
Alliance Leics 11⅜ 97 £	100	105⅛	105⅜	+⅛	8.74
British Land 8⅞ 23 £	150	89½	89⅞	+¼	10.24
Denmark 6¾ 98 £	800	93½	93⅞		8.93
EIB 8 03 £	1000	93¾	94⅛	+⅛	9.06

[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

CURRENCIES AND MONEY

MARKETS REPORT

Mexico worries continue to weigh on the dollar.

Fresh concern about whether *the US Congress would pass a* Mexican aid package yesterday pushed the dollar to a 1995 low, *writes Philip Gawith.*

The dollar touched DM1.50 at lunchtime in New York, the lowest level since the Federal Reserve intervened to support it last November. It closed at DM1.5119 in London on Friday. It was also weaker against the yen, touching Y98.13, from Friday's close of Y99.1.

Concern about the Mexican situation appeared to outweigh the prospect of higher short-term interest rates. The Federal Open Markets Committee meets today and tomorrow to discuss US monetary policy.

Elsewhere, the same concerns about a US aid package drove the Mexican peso to fresh lows. The peso finished 78 centavos lower in Mexico City, at 6.3/6.45 per dollar.

In Europe, both the lira and the French franc remained weak against the D-Mark. The Franc finished at FFr3.472, from FFr3.473, while the lira *closed at L1,059 from L1,060.*

Sterling closed slightly lower, at DM2.4019 from DM2.4069.

■ The dollar's woes appeared to be attributable to ongoing market fears that the Fed would allow the Mexican crisis to distract it from "doing the right thing" by the US economy – that is, it would not raise rates sufficiently to curb inflationary pressures.

Mr Mike Rosenberg, managing director of international fixed income research at Merrill Lynch in New York commented: "Over the last three months the dollar has been highly correlated to market expectations about the outlook for short-term interest rates. Since the end of December there has been a sharp downward revision of where it see US short term rates."

Since the beginning of the year, the price of the June eurodollar contract on Liffe has risen to 92.85 from 91.97 – effectively a 88 basis point downward correction in interest rate expectations, over the past four weeks.

Mr Rosenberg attributed this shift partly to Mexico, and partly to some softer economic data. He said there had also been a shift in interest rate expectations compared to Germany. Those who had previously expected the differential to move in the US's favour now expected little change over the coming year.

Aggravating the dollar's woes, said Mr Rosenberg, was the "capital flight out of European high yielders". This was bolstering the D-Mark. He noted that the dollar normally weakened more against the Swiss franc than the D-Mark, but this time even the Swiss franc is weaker – illustrating the extent of independent D-Mark strength. This is evident from the D-Mark's strength against the Ecu, which represents a basket of European currencies.

Mr Rosenberg said some of the moves in Europe were "exaggerated, the result of a "risk premium virus spreading throughout the system."

■ The potential problems Mexico poses were underlined by Mr George Soros, the influential financier. He told the World Economic Forum in Davos, Switzerland that there was a "very serious crisis in Mexico." He added: "It now looks as if the $40bn package is not going to be passed by Congress. I think that could have quite severe repercussions."

President Clinton took a more sanguine line, saying in Washington that he was "optimistic" that Congress would pass the rescue plan. The Republican senate majority leader, Bob Dole, also stressed the importance of the support package, adding that it would not cost the US "a dime".

■ Although the Franc is weak against the D-Mark, analysts noted that it was strong on a trade-weighted basis when account was taken of its cross rate against currencies like the peseta and the lira.

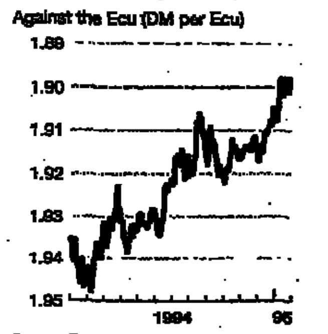
Mr Joe Prendergast, foreign exchange strategist at Paribas Capital Markets in London, said he did not expect the Bank of France to raise interest rates in response to currency weakness. "With the 15 per cent bands, France has the ability to exploit a more flexible currency policy," said Mr Prendergast.

Analysts said that so long as political uncertainty continued in various European countries, there was little incentive for investors to lighten their long D-Mark positions.

■ The Bank of England cleared a £600m market shortage at established rates in its daily operations.

D-Mark

Against the Ecu (DM per Ecu)



Source: Datastream

■ **Pound in New York**

Jan 30	Latest	Prev. close
£ spot	1.5925	1.5915
1 mth	1.5921	1.5911
3 mth	1.5911	1.5900
1 yr	1.5850	1.5850

■ **OTHER CURRENCIES**

Jan 30	£	$
Hungary	179.465 - 180.044	112.850 - 113.150
Iran	2731.00 - 2734.00	1748.00 - 1750.00
Kuwait	0.4750 - 0.4755	0.2987 - 0.2988
Poland	3.8461 - 3.8507	2.4185 - 2.4200
Russia	6444.33 - 6449.10	4051.00 - 4054.00
U.A.E.	5.8396 - 5.8440	3.6720 - 3.6727

POUND SPOT FORWARD AGAINST THE POUND

Jan 30		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	16.9216	-0.0104	128 - 304	16.9383	16.8921	16.9092	0.9	16.8754	1.1	-	-	116.3
Belgium	(BFr)	49.5113	-0.1273	901 - 325	49.6670	49.4901	49.4613	1.2	49.3563	1.3	48.8263	1.4	118.1
Denmark	(DKr)	9.4881	-0.0189	830 - 931	9.5119	9.4830	9.4845	0.4	9.4747	0.6	9.4267	0.6	117.4
Finland	(FM)	7.5092	-0.0102	011 - 173	7.5410	7.5000	-	-	-	-	-	-	88.2
France	(FFr)	8.3372	-0.0182	332 - 411	8.3613	8.3332	8.3321	0.7	8.3192	0.9	8.2493	1.1	110.4
Germany	(DM)	2.4019	-0.005	004 - 033	2.4096	2.4003	2.3992	1.3	2.3923	1.6	2.3543	2.0	128.3
Greece	(Dr)	374.781	-0.84	516 - 046	375.193	374.278	-	-	-	-	-	-	-
Ireland	(I£)	1.0122	+0.0006	116 - 128	1.0129	1.0102	1.0119	0.4	1.0116	0.2	1.0102	0.2	105.1
Italy	(L)	2542.81	-3.51	130 - 433	2549.33	2539.12	2547.31	-2.1	2556.36	-2.1	2601.86	-2.3	72.7
Luxembourg	(LFr)	49.5113	-0.1273	901 - 325	49.6670	49.4901	49.4613	1.2	49.3563	1.3	48.8263	1.4	118.1
Netherlands	(Fl)	2.6926	-0.0049	914 - 942	2.6987	2.6909	2.6902	1.2	2.6832	1.4	2.6452	1.6	122.2
Norway	(NKr)	10.5304	-0.0163	254 - 353	10.5518	10.5245	10.5296	0.1	10.5274	0.1	10.5157	0.1	87.0
Portugal	(Es)	248.396	-0.506	246 - 545	248.994	248.245	248.996	-2.9	250.646	-3.6	-	-	-
Spain	(Pta)	208.937	-0.524	854 - 020	209.319	208.705	209.272	-1.9	210.042	-2.1	214.012	-2.4	83.3
Sweden	(SKr)	11.8260	-0.0279	167 - 353	11.8705	11.8077	11.8395	-1.4	11.8655	-1.3	11.966	-1.2	74.6
Switzerland	(SFr)	2.0235	-0.0004	221 - 248	2.0311	2.0221	2.0194	2.4	2.0105	2.6	1.9621	3.0	122.8
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	79.9
Ecu	-	1.2730	-0.0009	723 - 736	1.2750	1.2716	1.2724	0.5	1.2714	0.5	1.2636	0.7	-
SDR†	-	0.926398	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5910	-0.0009	905 - 915	1.5915	1.5873	-	-	-	-	-	-	-
Brazil	(Cr)	1.3442	-0.0002	422 - 462	1.3463	1.3416	-	-	-	-	-	-	-
Canada	(C$)	2.2544	+0.0022	533 - 554	2.2564	2.2428	2.2571	-1.4	2.2626	-1.4	2.2748	-0.9	83.2
Mexico	(New Peso)	9.4889	+0.5341	464 - 313	9.5313	9.0969	-	-	-	-	-	-	-
USA	($)	1.5908	-0.0012	903 - 912	1.5912	1.5867	1.5904	0.3	1.5893	0.4	1.5827	0.5	62.3
Pacific/Middle East/Africa													
Australia	(A$)	2.0952	+0.0072	939 - 964	2.0964	2.0939	2.0975	-1.3	2.1029	-1.5	2.1353	-1.9	-
Hong Kong	(HK$)	12.3019	-0.0087	978 - 059	12.3059	12.2731	12.3009	0.1	12.3274	-0.8	12.2271	0.6	-
India	(Rs)	49.9138	-0.0357	957 - 319	49.9319	49.7950	-	-	-	-	-	-	-
Israel	(Shk)	4.7758	-0.0076	696 - 819	4.7819	4.7323	-	-	-	-	-	-	-
Japan	(Y)	156.824	-0.938	724 - 924	157.910	156.724	156.294	4.1	155.169	4.2	148.809	5.0	188.7
Malaysia	(M$)	4.0679	-0.0036	659 - 698	4.0896	4.0584	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.4920	+0.0055	899 - 940	2.4940	2.4898	2.4958	-1.8	2.5048	-2.1	2.5358	-1.8	-
Philipines	(Peso)	39.0530	-0.1249	624 - 435	39.1435	38.9673	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.9664	-0.0043	643 - 684	5.9684	5.9509	-	-	-	-	-	-	-
Singapore	(S$)	2.3091	-0.0016	078 - 103	2.3103	2.3044	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.6205	-0.0138	177 - 233	5.6286	5.6081	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.5062	+0.0588	884 - 239	6.5236	6.4600	-	-	-	-	-	-	-
South Korea	(Won)	1255.74	-0.95	522 - 625	1256.25	1252.70	-	-	-	-	-	-	-
Taiwan	(T$)	41.8200	-0.0372	010 - 390	41.8390	41.7207	-	-	-	-	-	-	-
Thailand	(Bt)	39.8245	-0.0698	893 - 596	39.8596	39.7470	-	-	-	-	-	-	-

†SDR rates for Jan 27. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jan 30		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	10.6375	+0.0015	350 - 400	10.6555	10.6320	10.63	0.8	10.6102	1.0	10.4775	1.5	105.4
Belgium	(BFr)	31.1245	-0.0565	200 - 290	31.2450	31.1200	31.104	0.8	31.0545	0.9	30.8295	0.9	106.8
Denmark	(DKr)	5.9645	-0.0074	630 - 660	5.9867	5.9630	5.9653	-0.2	5.9615	0.2	5.9525	0.2	105.7
Finland	(FM)	4.7206	-0.0026	168 - 243	4.7482	4.7168	4.7179	0.7	4.7131	0.6	4.7006	0.4	82.7
France	(FFr)	5.2410	-0.0075	400 - 420	5.2585	5.2400	5.2391	0.4	5.2345	0.5	5.209	0.6	106.7
Germany	(DM)	1.5099	-0.002	094 - 104	1.5155	1.5094	1.5086	1.0	1.5052	1.2	1.4865	1.5	108.7
Greece	(Dr)	235.600	-0.35	500 - 700	236.030	235.500	238.6	-15.3	243.35	-13.2	255.75	-8.6	68.5
Ireland	(I£)	1.5716	-0.0021	711 - 721	1.5723	1.5675	1.5718	-0.1	1.5714	0.1	1.5706	0.1	-
Italy	(L)	1598.50	-1	800 - 900	1603.45	1597.00	1601.75	-2.4	1608.5	-2.5	1643	-2.8	73.0
Luxembourg	(LFr)	31.1245	-0.0565	200 - 290	31.2450	31.1200	31.104	0.8	31.0545	0.9	30.8285	0.9	106.8
Netherlands	(Fl)	1.6926	-0.0016	924 - 932	1.6978	1.6924	1.6916	0.9	1.6881	1.1	1.6689	1.4	106.8
Norway	(NKr)	6.6198	-0.0052	185 - 210	6.6432	6.6185	6.616	0.7	6.6073	0.8	6.5563	1.0	97.2
Portugal	(Es)	156.150	-0.2	100 - 200	156.600	156.100	156.605	-3.5	157.725	-4.0	161.925	-3.7	95.5
Spain	(Pta)	131.345	-0.23	330 - 360	131.680	131.330	131.59	-2.2	132.16	-2.5	135.145	-2.9	78.3
Sweden	(SKr)	7.4343	-0.0118	305 - 380	7.4676	7.4295	7.4446	-1.7	7.4658	-1.7	7.5563	-1.6	79.8
Switzerland	(SFr)	1.2720	+0.0007	715 - 725	1.2780	1.2715	1.2697	2.1	1.265	2.2	1.2389	2.6	108.6
UK	(£)	1.5908	-0.0012	903 - 912	1.5912	1.5867	1.5904	0.3	1.5893	0.4	1.5827	0.5	88.3
Ecu	-	1.2497	-	494 - 499	1.2499	1.2487	1.2499	-0.2	1.2502	-0.1	1.2531	-0.3	-
SDR‡	-	1.47251	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0002	+0.0002	001 - 002	1.0002	1.0001	-	-	-	-	-	-	-
Brazil	(Cr)	0.8450	+0.0005	440 - 460	0.8470	0.8440	-	-	-	-	-	-	-
Canada	(C$)	1.4172	+0.0024	169 - 174	1.4174	1.4129	1.4193	-1.7	1.4237	-1.8	1.4365	-1.4	80.2
Mexico	(New Peso)	5.9650	+0.34	400 - 900	5.9900	5.9400	5.9658	-0.2	5.9652	-0.1	5.9676	0.0	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	96.7
Pacific/Middle East/Africa													
Australia	(A$)	1.3170	+0.0065	167 - 175	1.3198	1.3167	1.3192	-2.0	1.3238	-2.1	1.3493	-2.5	89.3
Hong Kong	(HK$)	7.7334	+0.0004	330 - 337	7.7365	7.7325	7.7345	-0.2	7.7365	-0.1	7.7404	-0.1	-
India	(Rs)	31.3775	+0.0012	750 - 800	31.3825	31.3750	31.4575	-3.1	31.7025	-4.1	-	-	-
Israel	(Shk)	3.0023	-0.0025	993 - 052	3.0058	2.9808	-	-	-	-	-	-	-
Japan	(Y)	98.5850	-0.515	500 - 200	99.3500	98.5500	98.295	3.5	97.645	3.8	94.04	4.6	148.7
Malaysia	(M$)	2.5572	-0.0003	567 - 577	2.5577	2.5565	2.5552	0.9	2.5507	1.0	2.5347	0.9	-
New Zealand	(NZ$)	1.5664	+0.0046	657 - 674	1.5690	1.5657	1.5699	-2.7	1.5759	-2.4	1.6009	-2.2	-
Philipines	(Peso)	24.5500	-0.08	000 - 000	24.6000	24.5000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7507	+0.0001	504 - 509	3.7504	3.7504	3.7533	-0.8	3.7586	-0.6	3.7682	-0.5	-
Singapore	(S$)	1.4516	+0.0001	512 - 519	1.4520	1.4512	1.4468	4.1	1.4413	2.8	1.4179	2.3	-
S Africa (Com.)	(R)	3.5333	-0.006	325 - 340	3.5400	3.5325	3.5483	-5.1	3.5793	-5.2	3.7353	-5.7	-
S Africa (Fin.)	(R)	4.0900	+0.04	800 - 000	4.1000	4.0650	4.1175	-8.1	4.1675	-7.6	4.4	-7.6	-
South Korea	(Won)	789.400	-	300 - 500	-	-	792.4	-4.6	795.9	-3.3	814.4	-3.2	-
Taiwan	(T$)	26.2895	-0.0035	850 - 940	-	-	26.3095	-0.9	26.3495	-0.9	-	-	-
Thailand	(Bt)	25.0350	-0.025	200 - 500	25.0560	25.0200	25.0475	-0.6	25.0615	-0.4	25.0875	-0.2	-

†SDR rate for Jan 27. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Jan 27. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

January 30	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	4⅞	5¼	5⅜	5⅞	6⅛	7.40	4.50	-
week ago	4⅝	5¼	5⅜	5⅞	6⅛	7.40	4.50	-
France	5⅜	5⅝	5⅞	6⅛	6¾	5.00	-	6.40
week ago	5⅜	5⅝	5⅞	6⅛	6¾	5.00	-	6.40
Germany	5.55	4.95	5.05	5.25	5.70	6.00	4.50	4.85
week ago	4.80	4.95	5.10	5.30	5.75	6.00	4.50	4.85
Ireland	5⅛	5⅝	6¼	6⅞	7¾	-	-	6.25
week ago	5⅛	5⅝	6¼	6⅞	7¾	-	-	6.25
Italy	8¾	8⅝	8⅞	9⅜	10⅛	-	7.50	8.20
week ago	8⅝	8⅝	8⅞	9⅜	10⅛	-	7.50	8.20
Netherlands	4.84	5.03	5.13	5.33	5.82	-	5.25	-
week ago	4.84	5.03	5.17	5.40	5.90	-	5.25	-
Switzerland	3⅞	3⅞	4	4¼	4⅝	6.625	3.50	-
week ago	3¾	3⅞	4⅛	4⅜	4⅞	6.625	3.50	-
US	5⅝	6	6¼	6⅝	7⅛	-	4.75	-
week ago	5⅝	6	6¼	6⅝	7⅜	-	4.75	-
Japan	2⅛	2⅛	2⅛	2⅛	2⅛	-	1.75	-
week ago	2⅛	2⅛	2⅛	2¼	2⅛	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	6⅛	6⅜	6⅞	7¼	-	-	-
week ago	-	6⅛	6⅜	6¾	7¼	-	-	-
US Dollar CDs	-	5.90	6.12	6.42	7.03	-	-	-
week ago	-	5.90	6.15	6.53	7.24	-	-	-
SDR Linked Ds	-	4.625	4.812	5.125	5.687	-	-	-
week ago	-	4.625	4.94	5.25	5.69	-	-	-

ECU Linked Ds mid rates: 1 mth 5⅜; 3 mths 6; 6 mths 6⅜; 1 year 6⅝. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster. Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jan 30	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4 13/16 - 4 11/16	5 - 4⅞	5 5/16 - 5 3/16	5 7/16 - 5 5/16	5 15/16 - 5 13/16	6 5/16 - 6 3/16
Danish Krone	5¼ - 5	5¾ - 5½	5⅞ - 5⅝	6¼ - 6	6¾ - 6⅝	7 7/16 - 7 5/16
D-Mark	5¾ - 5⅝	5 1/16 - 4 15/16	5 1/16 - 4 15/16	5 1/16 - 4 15/16	5 5/16 - 5 3/16	5 13/16 - 5 11/16
Dutch Guilder	5⅛ - 4 15/16	5 1/16 - 4 15/16	5⅛ - 5 1/16	5 3/16 - 5 1/16	5⅜ - 5¼	5 13/16 - 5 11/16
French Franc	5 7/16 - 5 5/16	5 7/16 - 5 5/16	5½ - 5⅜	5 11/16 - 5 9/16	6 3/16 - 6 1/16	6¾ - 6⅝
Portuguese Esc.	8⅞ - 8⅝	8⅞ - 8⅝	9⅝ - 9¼	10½ - 10¼	11⅛ - 10¾	11⅝ - 11¼
Spanish Peseta	8 1/16 - 7 13/16	8 1/16 - 8	8 7/16 - 8 3/16	8⅞ - 8⅝	9½ - 9¼	10 3/16 - 10⅛
Sterling	4½ - 4¼	5½ - 5¼	6 7/16 - 6 5/16	6¾ - 6 11/16	7 3/16 - 7 1/16	7¾ - 7⅝
Swiss Franc	4⅛ - 3⅞	3¾ - 3⅝	3¾ - 3⅝	4 - 3⅞	4¼ - 4⅛	4 9/16 - 4 7/16
Can. Dollar	7½ - 7¼	7½ - 7¼	7⅜ - 7⅛	8 1/16 - 7 13/16	8 5/16 - 8 3/16	8⅝ - 8½
US Dollar	6 - 5⅞	6 - 5⅞	6 1/16 - 5 15/16	6 5/16 - 6 3/16	6⅝ - 6½	7¼ - 7⅛
Italian Lira	9 - 7½	8½ - 8⅛	8⅝ - 8½	8 15/16 - 8 13/16	9 7/16 - 9 5/16	10 5/16 - 10 3/16
Yen	2¼ - 2 3/16	2¼ - 2 3/16	2 5/16 - 2¼	2 5/16 - 2¼	2 5/16 - 2¼	2 13/16 - 2 11/16
Asian $Sing	3⅞ - 3⅝	4⅛ - 4¼	3⅝ - 3½	4 3/16 - 4 1/16	4 7/16 - 4 5/16	4¾ - 4⅝

Short term rates are call for the US Dollar and Yen, others: two days' notice

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.80	93.74	-0.06	93.83	93.69	29,419	44,749
Jun	93.33	93.29	-0.07	93.39	93.24	14,590	45,553
Sep	93.00	92.99	-0.06	93.06	92.95	7,631	32,768
Dec	92.75	92.71	-0.05	92.78	92.68	2,891	18,726

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.36	93.40	+0.04	93.37	93.36	32	1402
Jun		92.85	+0.07			0	535
Sep		92.54	+0.06			0	177
Dec	92.22	92.27	+0.05	92.22	92.22	30	300

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.77	94.76	-	94.78	94.73	19841	199915
Jun	94.39	94.36	-0.03	94.40	94.35	28053	172968
Sep	94.01	93.98	-0.03	94.03	93.96	14080	99059
Dec	93.63	93.60	-0.03	93.64	93.57	9432	72779

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	90.52	90.50	+0.02	90.55	90.48	7639	38584
Jun	89.92	89.90	+0.03	89.93	89.90	1816	24626
Sep	89.51	89.50	+0.02	89.53	89.50	535	26572
Dec	89.21	89.19	+0.02	89.23	89.19	192	15666

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.82	95.81	-0.02	95.82	95.78	1451	19718
Jun	95.50	95.49	-0.02	95.52	95.46	1125	15054
Sep	95.24	95.23	-0.01	95.24	95.21	446	6035
Dec	94.97	94.99	+0.01	94.97	94.97	9	4804

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.52	93.48	-0.02	93.52	93.46	857	9458
Jun	93.02	92.99	-0.02	93.02	92.96	817	6174
Sep	92.59	92.58	+0.01	92.60	92.56	360	3300
Dec	92.19	92.19	+0.03	92.20	92.17	484	2012

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jan 30		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.16	16.84	4.850	2.044	5134	5.437	21.27	501.5	421.9	23.87	4.086	2.020	4.553	3.213	316.7	2.571
Denmark	(DKr)	52.18	10	8.787	2.531	1.067	2679	2.837	11.10	261.7	220.2	12.46	2.132	1.054	2.376	1.677	165.3	1.342
France	(FFr)	59.39	11.38	10	2.880	1.214	3049	3.229	12.63	297.8	250.6	14.18	2.427	1.199	2.704	1.908	188.1	1.527
Germany	(DM)	20.62	3.952	3.472	1	0.421	1059	1.121	4.386	103.4	87.01	4.923	0.843	0.416	0.939	0.663	65.31	0.530
Ireland	(I£)	48.92	9.375	8.238	2.373	1	2512	2.660	10.41	245.4	206.4	11.68	1.999	0.988	2.227	1.572	154.9	1.258
Italy	(L)	1.948	0.373	0.328	0.094	0.040	100.	0.106	0.414	9.768	8.218	0.465	0.080	0.039	0.089	0.063	6.168	0.050
Netherlands	(Fl)	18.39	3.525	3.097	0.892	0.376	944.3	1	3.912	92.24	77.60	4.391	0.751	0.371	0.837	0.591	58.25	0.473
Norway	(NKr)	47.02	9.010	7.917	2.280	0.961	2414	2.557	10	235.8	198.4	11.23	1.921	0.950	2.141	1.511	148.9	1.209
Portugal	(Es)	19.94	3.821	3.358	0.967	0.408	1024	1.084	4.241	100.	84.13	4.760	0.815	0.403	0.908	0.641	63.15	0.513
Spain	(Pta)	23.70	4.542	3.991	1.149	0.484	1217	1.289	5.041	118.9	100.	5.658	0.968	0.479	1.079	0.762	75.06	0.609
Sweden	(SKr)	41.89	8.027	7.053	2.031	0.856	2151	2.277	8.909	210.1	176.7	10	1.712	0.846	1.907	1.346	132.7	1.077
Switzerland	(SFr)	24.47	4.690	4.121	1.187	0.500	1257	1.331	5.205	122.7	103.3	5.843	1	0.494	1.114	0.786	77.51	0.629
UK	(£)	49.51	9.488	8.337	2.401	1.012	2542	2.692	10.53	248.3	208.9	11.82	2.023	1	2.254	1.591	156.8	1.273
Canada	(C$)	21.97	4.209	3.699	1.065	0.449	1128	1.194	4.672	110.2	92.68	5.244	0.898	0.444	1	0.706	69.57	0.565
US	($)	31.12	5.964	5.240	1.509	0.636	1598	1.692	6.618	156.1	131.3	7.429	1.272	0.629	1.417	1	98.55	0.800
Japan	(Y)	31.58	6.051	5.317	1.531	0.645	1621	1.717	6.716	158.4	133.2	7.538	1.290	0.638	1.438	1.015	100.	0.812
Ecu		38.89	7.453	6.549	1.886	0.795	1997	2.115	8.272	195.1	164.1	9.285	1.589	0.786	1.771	1.250	123.2	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6614	0.6615	+0.0006	0.6620	0.6610	31,754	80,052
Jun	0.6639	0.6640	+0.0006	0.6644	0.6639	522	2,907
Sep	-	0.6659	+0.0006	-	-	1	174

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.0122	1.0158	+0.0049	1.0168	1.0115	20,572	76,314
Jun	1.0270	1.0278	+0.0053	1.0280	1.0266	749	7,267
Sep	-	1.0352	-	-	-	172	586

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.7874	0.7861	-0.0007	0.7874	0.7851	20,044	40,705
Jun	0.7921	0.7912	-	0.7921	0.7912	119	1,319
Sep	-	0.7973	-	-	-	1	73

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.5874	1.5868	-0.0020	1.5888	1.5860	8,996	45,332
Jun	1.5860	1.5850	-	1.5870	1.5850	22	1,326
Sep	-	1.5850	-	-	1.5850	2	6

UK INTEREST RATES

LONDON MONEY RATES

Jan 30	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5 - 3	5 15/16 - 5¼	6⅜ - 6¼	6 13/16 - 6 11/16	7 3/16 - 7 1/16	7¾ - 7⅝
Sterling CDs	-	-	6 13/32 - 6 11/32	6 25/32 - 6⅝	7 3/16 - 7	7 13/16 - 7 11/16
Treasury Bills	-	-	6⅜ - 6¼	6⅜ - 6¼	-	-
Bank Bills	-	-	6 13/32 - 6 11/32	6⅝ - 6 17/32	7 - 6⅞	-
Local authority deps.	4 13/16 - 4 11/16	5 3/16 - 5 1/16	6 3/16 - 6 3/16	6¾ - 6⅝	7 1/16 - 6 15/16	7 13/16 - 7 11/16
Discount Market deps	5¼ - 4	5 13/16 - 5⅜	-	-	-	-

UK clearing bank base lending rate 6¼ per cent from December 7, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2	2½	5¼	5½	5¼

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc. Ave. tender rate of discount 6.1071pc. ECGD fixed rate Stlg. Export Finance. Make up day Jan 31, 1995. Agreed rate for period Feb 26, 1995 to Mar 25, 1995, Schemes II & III 7.87pc. Reference rate for period Dec 31, 1994 to Jan 31, 1995, Schemes IV & V 6.624pc. Finance House Base Rate 6½pc from Jan 1, 1995

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	92.86	92.88	+0.03	92.90	92.83	18941	83821
Jun	92.19	92.25	+0.07	92.28	92.17	25771	79389
Sep	91.73	91.81	+0.10	91.85	91.70	14566	58691
Dec	91.40	91.50	+0.11	91.54	91.39	8839	49147

Also traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
9275	0.21	0.08	0.08	0.09	0.67	1.18
9300	0.08	0.05	0.05	0.21	0.89	1.40
9325	0.02	0.02	0.03	0.40	1.11	1.63

Est. vol. total, Calls 7918 Puts 5841. Previous day's open int., Calls 124011 Puts 122952

EMS EUROPEAN CURRENCY UNIT RATES

Jan 30	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.12663	-0.00032	-3.19	10.48	-
Belgium	40.2123	39.1260	-0.0083	-2.70	9.93	20
Austria	13.7167	13.3483	-0.00030	-2.69	9.86	-
Germany	1.94964	1.89743	-0.00041	-2.68	9.90	-
Ireland	0.808628	0.798571	+0.001263	-1.24	8.30	8
France	6.53883	6.58703	+0.00584	0.74	6.17	-6
Denmark	7.43679	7.49293	-0.00045	0.75	6.15	-5
Portugal	192.854	196.175	+0.009	1.72	5.15	-12
Spain	154.250	164.980	-0.128	6.96	0.00	-49
NON ERM MEMBERS						
Greece	264.513	295.730	-0.051	11.80	-4.33	-
Italy	1793.19	2006.26	-3.25	11.88	-4.40	-
UK	0.786749	0.789073	+0.000458	0.30	6.64	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	Calls Feb	Calls Mar	Calls Apr	Puts Feb	Puts Mar	Puts Apr
1.500	8.76	8.71	8.77	-	-	0.17
1.525	6.32	6.39	6.63	-	0.10	0.44
1.550	3.87	4.20	4.68	-	0.40	0.96
1.575	1.73	2.44	3.05	0.30	1.07	1.79
1.600	0.40	1.16	1.87	1.47	2.29	2.96
1.625	0.02	0.48	1.04	3.63	4.02	4.62

Previous day's vol., Calls 2,607 Puts 3,318 . Prev. day's open int., Calls 282,133 Puts 289,856

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	93.36	93.36	-	93.38	93.34	106,272	412,935
Jun	92.81	92.82	+0.01	92.82	92.76	237,816	382,222
Sep	92.47	92.49	-	92.50	92.44	137,966	273,886

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.00	94.01	-	94.01	93.98	1,594	9,494
Jun	93.35	93.40	+0.02	93.40	93.35	1,455	9,023
Sep	93.07	93.09	-	93.09	93.05	295	3,459

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	Calls Feb	Calls Mar	Calls Apr	Calls Jun	Puts Feb	Puts Mar	Puts Apr	Puts Jun
9475	0.09	0.13	0.05	0.08	0.04	0.08	0.40	0.43
9500	0.01	0.03	0.02	0.03	0.21	0.23	0.62	0.63
9525	0	0.01	0	0.01	0.45	0.46	0.85	0.86

Est. vol. total, Calls 13273 Puts 10978. Previous day's open int., Calls 152543 Puts 201521

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
9575	0.15	0.12	0.08	0.05	0.39	0.62
9600	0.03	0.06	0.03	0.18	0.58	0.82
9625	0	0.02		0.40	0.79	

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1795 Puts 2015

BASE LENDING RATES

	%		%		%
Adam & Company	6.25	Duncan Lawrie	6.25	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	9
Allied Trust Bank	6.25	Exeter Bank Limited	7.25	Royal Bk of Scotland	6.25
AIB Bank	6.25	Financial & Gen Bank	7.00	Singer & Friedlander	6.25
●Henry Ansbacher	6.25	●Robert Fleming & Co	6.25	●Smith & Williamson Secs.	6.25
Bank of Baroda	6.25	Girobank	6.25	TSB	6.25
Banco Bilbao Vizcaya	6.25	●Guinness Mahon	6.25	●United Bk of Kuwait	6.25
Bank of Cyprus	6.25	Habib Bank AG Zurich	6.25	Unity Trust Bank Plc	6.25
Bank of Ireland	6.25	●Hambros Bank	6.25	Western Trust	6.25
Bank of India	6.25	Heritable & Gen Inv Bk	6.25	Whiteaway Laidlaw	6.25
Bank of Scotland	6.25	●Hill Samuel	6.25	Yorkshire Bank	6.25
Barclays Bank	6.25	C. Hoare & Co	6.25		
Brit Bk of Mid East	6.25	Hongkong & Shanghai	6.25		
●Brown Shipley & Co Ltd	6.25	Julian Hodge Bank	6.25		
Citibank NA	6.25	●Leopold Joseph & Sons	6.25		
Clydesdale Bank	6.25	Lloyds Bank	6.25		
The Co-operative Bank	6.25	Meghraj Bank Ltd	6.25		
Coutts & Co	6.25	Midland Bank	6.25		
Credit Lyonnais	6.25	* Mount Banking	6.25		
Cyprus Popular Bank	6.25	NatWestminster	6.25		
		●Rea Brothers	6.25		

● Members of London Investment Banking Association
* In administration

LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	+ or −	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Barings 8pc Cm 3rd Pf.		97	—	117	88¼	12.1	10.3	-
9¼pc Non-Cum Pf		117¾	−¼	137½	107	48.9	10.4	-
Cater Allen	♣†N□	445	+2	*530¼	440	145.1	7.9	9.2
Close Bros	♣N	223	—	*285½	203	212.3	4.2	10.1
Gerrard & Nat.	♣†N□	473	−1	515	395	230.4	6.3	13.8
Hambros	♣N□	239	−3	473	209	421.8	7.8	14.7
7½pc Cv Pf		169	−2	191	99½	140.4	8.6	-
Joseph (L)	♣†N	393	—	443	393	20.8	5.6	11.4
King & Shaxson	♣N	97	—	170	96	18.9	11.6	9.6
Kleinwort Benson	♣†N□	609	−11	693	424	812.4	4.0	10.7
Rea Bros	♣†N□	65	—	79	53	27.4	1.9	18.5
Schroders	♣†N□	1480	−5	1574	1050	1,480	1.6	13.4
N/V	†N	1313	−2	1458	1043	380.8	1.8	12.0
Singer & Fried	♣†N□	86	—	114	75	185.1	4.8	10.9
Union	♣†N□	89	—	*199	87	23.7	6.3	8.2
Warburg (SG)	♣N□	750	−8	1012	569	1,050	3.7	13.7
Wintrust	♣†N	235	+30	390	203	20.0	5.7	15.5

BANKS, RETAIL

	Notes	Price	+ or −	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	□	£21½	−¼	£25⅛	£19⅝	6,611	5.2	φ
ANZ A$		199	+1	278¼	171	2,698	6.0	φ
Abbey National	†N□	418	−11	523	380½	5,484	4.7	14.1
Allied Irish I£	♣†N□	267	−1	314	233	1,713	4.9	9.9
Anglo Irish I£	N□	60	—	*70	50	172.1	8.8	10.1
Asahi Y	□	774¾	+141	819¼	628	17,988	0.6	φ
Banco Bil Viz Pts	□	£15⅝	—	£17	£14⅛	3,557	5.3	7.0
Banco Sant Pts		824	—	*930½	823¼	3,827	6.0	8.4
Bk Ireland I£	†N□	300	−3	*319	246	1,428	4.8	8.7
Bank Scotland	♣†N□	210	—	247	172½	2,459	3.2	11.6
9¼pc Pf		118¼	+¼	141½	106	118.2	9.8	-
9⅜pc Pf		123¼	−¼	148½	111¼	123.8	9.8	-
Barclays	♣†N□	581	−1	640	487	9,499	3.6	14.2
Dai Ichi Kan Y	□	£12⅛	+2⅛	£12⅞	£9⅝	38,302	0.4	-
Deutsche DM	□	£288¼	−2⅜	£344¼	£270⅜	13,686	2.4	-
Espirito Santo	□	£7⅞	—	*£13⅛	£7⅛	161.3	5.0	3.8
Fuji Bank Y	□	1434¾	+227¼	1549¼	1152½	41,567	0.4	φ
HSBC HK	†N□	611	−8	1135	576	10,716	5.0	8.8
HSBC (75p Shs)	†N□	624	−7	1113	589	5,316	4.9	9.0
Irish Permanent	♣N□	240	—	245	205	182.7	6.0	8.4
Lloyds	†N□	544	−7	660	519	7,055	5.3	10.7
Mitsubishi Y	□	£15⅞	+2⅜	£16⅞	£13⅛	48,013	0.3	φ
Mits Tst & Bk Y	□	906½	+108¼	1182¼	687½	10,850	0.6	14.3
Mitsui Tst & Bk Y	□	638¼	+76¼	878	512	7,648	0.8	21.4
Nat Aust A$		502	−8	620¼	472	6,719	7.0	φ
NatWest	†N□	482	−9	622	421	8,271	5.0	8.4
Ottomans FFr		£21½	—	£33	£21	167.5	6.8	φ
Ryl Bk Scotland	♣N□	387xd	−7	528	373½	3,099	4.4	11.1
Sakura Y	□	£8⅞	+⅞	£9⅞	£7⅛	27,832	0.7	51.1
Sanwa Y	□	£13⅝	+2⅛	£15⅝	£10⅞	38,797	0.4	-
Standard Chard	†N□	250	−3	*358¼	223	2,412	3.2	8.6
7 3/8pc Prf		85	−½	108½	82¼	85.0	9.7	-
Sumitomo Y	□	£12⅞	+1⅞	£16⅝	£10⅛	39,053	0.4	-
Sumitomo Tst Y	□	784¼	+71¼	1148½	625	9,758	0.7	φ
TSB	N□	235	−8	291	197	3,997	4.9	φ
Tokai Y	□	£7⅛	+1⅛	£9	£6⅝	15,938	0.7	48.8
Toyo Tst & Bk Y	□	637¼	+48¼	852	578¼	6,011	0.8	56.1
Westpac A$		218¼	+¼	280	194	3,935	2.5	φ
Yasuda Tst Bk Y	♣□	488¼	+40¼	686	427¼	5,170	1.1	41.2

BREWERIES

	Notes	Price	+ or −	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Ascot Hldgs	□	154	—	*1025	150	42.5	-	-
Bass	N□	519xd	−4	619	485	4,530	5.1	12.8
Boddington	†N□	247	−1	290	247	289.8	4.2	13.3
Burtonwood	†N	173xd	—	195	168	38.0	3.7	14.5
Eldridge Pope A	♣N	158xd	—	181	142	32.7	3.2	φ
Fosters A$		53	−1	66	46¼	1,706	5.4	φ
Fuller STA	♣†N	352	—	493	342	71.8	2.8	14.5
Gibbs Mew	♣†N	423	—	*468	348¼	58.8	2.7	16.6
Greenalls	♣N□	429xd	−1	511	399	680.8	3.8	21.1
Greene King	†N□	622xd	—	584	452	221.3	3.1	14.2
Grosvenor Inns	♣†N	106	+2	*188	124	22.3	3.8	24.4
[illegible]								

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

BUILDING MATS. & MERCHANTS - Cont.

	Notes	Price	+ or −	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Spring Ram	♣N□	38	+1½	*81½	[illegible]	[illegible]	[illegible]	[illegible]
Sycamore	□	20	−1	*25	[illegible]	[illegible]	[illegible]	[illegible]
Tarmac	N□	115	+1	206	[illegible]	[illegible]	[illegible]	[illegible]
Titon	♣N	157xd	—	220	[illegible]	[illegible]	[illegible]	[illegible]
Travis Perkins	†N□	280	—	370	[illegible]	[illegible]	[illegible]	[illegible]
Tudor	♣N	25	—	38	[illegible]	[illegible]	[illegible]	[illegible]
Unigroup	□	38	—	54	[illegible]	[illegible]	[illegible]	[illegible]
Universal Ceramic	L□	86	—	105	[illegible]	[illegible]	[illegible]	[illegible]
Waterhouse	♣	43	—	63	[illegible]	[illegible]	[illegible]	[illegible]
Wickes	†N□	86	—	128	[illegible]	[illegible]	[illegible]	[illegible]
Wolseley	♣N□	761xd	+2	976	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS

	Notes	Price	+ or −	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
AGA SKr	□	89⅛	—	*£7⅛	[illegible]	[illegible]	[illegible]	[illegible]
Akzo Fl	□	£73⅜	−⅜	£82⅜	[illegible]	[illegible]	[illegible]	[illegible]
Allied Colloids	†N□	120xd	+1	*158½	[illegible]	[illegible]	[illegible]	[illegible]
Amber Ind	†N	788	—	790	[illegible]	[illegible]	[illegible]	[illegible]
BASF DM	□	£134⅝	+3⅛	£140⅝	[illegible]	[illegible]	[illegible]	[illegible]
BOC	♣N□	711xd	−5	762	[illegible]	[illegible]	[illegible]	[illegible]
BTP	♣†N□	292xd	−2	*373	[illegible]	[illegible]	[illegible]	[illegible]
Bayer DM	□	£145⅞	+4⅞	£160⅞	[illegible]	[illegible]	[illegible]	[illegible]
Brent	N□	107	—	121	[illegible]	[illegible]	[illegible]	[illegible]
British Vita	†N□	221	−3	309	[illegible]	[illegible]	[illegible]	[illegible]
Cambridge Iso $	♣	32	—	48	[illegible]	[illegible]	[illegible]	[illegible]
Canning (W)	♣N□	187	+1	199	[illegible]	[illegible]	[illegible]	[illegible]
Cassington	♣N	40	—	105	[illegible]	[illegible]	[illegible]	[illegible]
Warrants		14	—	48	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	†N□	407½	−18½	580	[illegible]	[illegible]	[illegible]	[illegible]
Croda	†N□	369	−2	389	[illegible]	[illegible]	[illegible]	[illegible]
Doeflex	♣N	139	—	143	[illegible]	[illegible]	[illegible]	[illegible]
Engelhard $		£15⅝	−⅛	£20⅞	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]								

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD PRODUCERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL

	Notes	Price	+ or −	1994/95 high	low	Yld Gr's	NAV	Dis or Pm(-)
Approved by the Inland Revenue								
Aberforth Split Inc	N	89xd	+1	97	84	12.0	–	–
Cap		164	—	225	160	–	253.0	35.2
Units	N	252xd	+2	320	251	4.2	263.0	4.2
Abtrust Prf Inc		98xd	—	148	88	16.2	88.2	−10.9
Zero Div Pf		167	—	167½	155½	–	–	–
Archimedes Inc	N	233xd	+3	270	220	14.2	–	–
Cap		400	—	433	355	–	616.6	35.1
City of Oxford		32xd	−1	48	32	19.6	27.8	−13.7
Warrants		6	—	18	6	–	–	–
Zero Div Pf		97½	—	104¼	96½	–	–	–
Conbra-Cycl Inc		60xd	−¼	88	60	18.8	–	–
Cap		20	—	25½	18½	–	40.8	61.0
Zero Div Pf		85	—	87½	80	–	–	–
[illegible] Inc		78xd	—	95	75	13.1	–	–
Cap		34	—	46	34	–	64.3	47.1
Derby Inc		158xd	−½	173	147	10.6	–	–
Cap		293	—	328	288	–	437.5	33.0
Drayton Blue Chip		58	—	106	58	14.1	52.4	−9.7
Zero Pf		161½	—	161½	154	–	–	–
Drayton Rec		98xd	−1	144	98	10.2	92.8	−5.3
Pfd Growth		148½	—	148½	141	–	–	–
Edinburgh Income		47	—	61	45	10.6	35.5	−24.5
Zero Div Pf		60½	—	61¼	55½	–	–	–
Exmoor Dual		24	−1	44	24	8.3	31.6	24.1
Inc	N	84xd	—	98	84	17.7	–	–
Zero Cpn Pf		243	—	262	241	–	–	–
Finsbury Smlr Co's		159xd	—	183	159	2.7	162.3	2.0
Zero Pf		180	+½	180	177	–	–	–
Fleming Geared Inc		170xd	—	251	169	1.5	242.7	30.0
Warrants		116	—	220	115	–	–	–
Cm Ptg Pf		159½	+½	188	154	9.9	–	–
Fleming I & C Inc		70¾xd	−½	101½	69½	8.7	75.7	6.5
Units		116xd	+½	150	116	5.2	116.3	−1.4
Zero Div Pf		49¼	—	48	41¼	–	–	–
Fleming Int High		33xd	−½	52½	33	13.5	32.8	−.6
Zero Div Pf		102½	—	102½	96¾	–	–	–
For & Col SIIT Sp Inc		61½	—	76	61	7.6	–	–

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

INVESTMENT COMPANIES - Cont.

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

GUIDE TO LONDON SHARE SERVICE

p Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. H Yield based on prospectus or other official estimates for 1995. K Yield based on prospectus or other official estimates for 1994. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for ... T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Init Chge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Fidelity Money Funds
Pembroke Hall, Pembroke, Bermuda
UK Fwd Advisers 0800 414181 Jersey 0534 71696
Private Clients 0800 414181 010 352 250404230
From O'seas (44) 732 777377 Hong Kong (852) 848 1000

Lazard Fund Mngrs - Contd.
Lazard Select Investment Trust Ltd

Lloyds Intl Money Market Fund Ltd
Sarnia Hse, Le Truchot, St Peter Port 0481 724983
Lloyds Bank Fund Management (Guernsey) Ltd

Dealing daily

M & G (Guernsey) Ltd
Westbourne, The Grange, St Peter Port 0481 722863

Prudential Fund Managers (Guernsey) Ltd
Po Box 81, St Peter Port Guernsey 0481 720200
Prudential Money Funds Ltd

Rothschild Asset Management (CI) Ltd
PO Box 242, St Peter Port, Guernsey 0481 713713

Merrill Lynch Guernsey

Swiss Life Investment Fund - Protean (u)

GUERNSEY (SIB RECOGNISED)

IRELAND (REGULATED)(**)

IRELAND (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

مكتبة من الأصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

Credit Investment Funds - Contd.

Nikko Bank - Contd.

	Selling Price	Buying Price	+ or -	Yield Gross
Nomura Asian Infrastructure Fd SICAV				
NAV	$17.75		-0.12	-
Nomura Rosenberg Alpha Fund Mark II				
Pacific Basin Growth Fund				
Pan-Holding SA				
Rosenberg Global Mngt Co SA (z)				
Rosenberg Management SA (z)				
Rosenberg US Japan Mngmt Co SA (z)				
Edmond de Rothschild Group				
SCI/TECH SA				
SCI/Tech NAV	$18.59		-0.08	-
Schroder (Switzerland) Fund				
World Bond Fund-SICAV (z)				
World Bond Fund	$30.23	31.82xd	+0.11	0.00
World Trust Fund				
Shares NAV	$14.05			-
Yamaichi Advanced Technology Fund				
Advanced Tech	$22.98			-

CMI Insurance Co Ltd - Contd.

Century Life International
Rue Du Commerce, St Peter Port, Guernsey 0481 727066

Eagle Star Intl Life
Eagle Star Hse, Athol St, Douglas, IoM 0624 682288

Equitable Life (International)
0481 716021

	Selling Price	Buying Price	+ or -	Yield Gross
Abtrust Fund Mngrs (Guernsey) Ltd				
The New Asia Fund Ltd	$12.04			-
	$12.46			-
Acciones y Valores de Mexico SA de CV				
Accival Jan 24	MN9929.7760			-
Adig Investment				
Aetna Malaysian Growth Fd (Cayman) Ltd				
NAV Jan 23	$12.0610			-
Alliance Capital				
Allied Dunbar International Fund Mngrs (1600)F				
Alpha Fund Management Ltd				
Arnhold and S. Bleichroeder, Inc				
Asia Pacific Capital Strategies Fund				
NAV Jan 23	$9.34			-
Asia Pacific Securities Corp Ltd				
Indian Smaller Cos Fd Ltd	$8.94			-
Enigma Investments Ltd – Cayman				
The Environmental Investment Co Ltd				
NAV Jan 24	$9.16			-
Ermitage Group				
Europe 1992				
NAV	$10.56		-0.01	-
S.E. Europe Obligations SA				
Europe-Obligations	$102.59			-
The Exponential Offshore Fund Ltd				
NAV Nov 30	$100.39			-
FRM / Swiss Financial Services				
Multiple Advisory Ltd	$1467.09			-
Fairbanks Global Capital Fund Ltd				
NAV Aug 31	$51582.14			-
Ferrell Management Ltd				
Ferrell Global Trading Ltd Dec 27	$8.12			-
Fidelity Investments				
Financiere Atlas				
Firebird Capital Management				
Overseas Ltd NAV Dec 31	$120.08			-
First Investments Ltd				
Jardine Fleming Unit Trusts Ltd - Contd.				
Johnson Fry Securities Ltd				
Jupiter Tyndall (Bermuda) Ltd				
Gems Smaller Companies	$9.92	9.95	-0.03	-
KI Asia Pacific Fund Ltd				
KI Asia Pacific	$11.61	11.95		-
Kingate Global Fund Ltd				
NAV Nov 30	$90.27			-
Kingdon Offshore N.V.				
NAV Jan 27	$18.04			-
Korea China Super Fund Ltd				
NAV Dec 31	$11.85			-
Korea Intl Investment Fund				
NAV Jan 18	$173.08			-
Korea Intl Investment Fund Ltd (B)				
Korea Investment Trust Co Ltd				
Lazard Vietnam Fund Limited				
NAV Dec 22	$10.30			-
Lippo Asia Ltd				
Lloyd George Management				
Lloyds Bank Government Bonds				
Portuguese Investment Fund Ltd				
Private Asset Management				
Prospect Asset Management				
Putnam Europe				
Real Estate Strategies				
Republic Funds				
Wellington Fd Mngrs (Bermuda) Ltd				
Ideal Growth Fd	$14.00	14.70	-0.08	-
Wells Fargo U.S. IT Fund				
Worldwide Limited				
NAV Dec 30	$79.23			-
Xiphias International Investment Fd Ltd				
Yamaichi Capital Management (Guernsey) Ltd				
Thai Inv Fund	$18.12			-
Smith Barney Funds				
Soditic Asset Management Inc				
Carl Spaengler KAG				
Long Term Value Trust NAV	$713.71			-
Springfield Fund Mgmt (Gibraltar) Ltd				
Global Liquidity Fd Ltd	$103.73			8.93
Sri Lanka Growth Fund				
NAV Jan 26	$7.90			-

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales.
(**) Funds not SIB recognised. The regulatory authorities for these funds are:
Guernsey - Financial Services Commission
Ireland - Central Bank of Ireland
Isle of Man - Financial Supervision Commission
Jersey - Financial Services Department
Luxembourg - Institut Monétaire Luxembourgeois.
Initial charge - Charge made on sale of units.
Selling price - Bid or redemption price.
Buying price - Offer or issue price.
Time - The time shown alongside the fund manager's name is the time of the fund's valuation point unless indicated by one of the following symbols:
(☆) - 0001 to 1100 hours
(✦) - 1101 to 1400 hours
(▲) - 1401 to 1700 hours
(#) - 1701 to midnight
E - Exit charge on sale of units.
C - Manager's periodic charge deducted from capital.
H - Historic pricing F - Forward pricing
b - Distribution free of UK taxes.
p - Periodic premium insurance plans.
s - Single premium insurance.
u - Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities).
x - Offered price includes all expenses except agent's commission.
z - Previous day's price.
§§ - Guernsey gross.
◆ - Yield before Jersey tax.
† - Ex-subdivision.
‡ - Only available to charitable bodies
◊ - Yield column shows annualised rates of NAV increase.
xd - Ex-dividend.

OFFSHORE INSURANCES

Selling Price | Buying Price | + or - | Yield Gross

AXA Equity & Law Intl Life Assce Co
Victory Hse, Prospect Hill, Douglas, IoM 0624 677877

Albany International Assurance Ltd
St Mary's, Castletown, Isle of Man 0624 823262

Allied Dunbar International Assce Ltd (z)
Lord Street, Douglas, IoM 0624 661551

CMI Insurance Co Ltd
Clerical Medical Hse, Douglas I.O.M. 0624 625589

Royal Skandia Life Assurance Ltd (z)
0624 611611

Scottish Provident Intl Life Ass Ltd
Lord Street, Douglas, Isle of Man IM1 4LN 0624 677446

Sun Alliance International Life
PO Box 77, St Peter Port, Gsy 0481 714108

Sun Life International (IOM) Ltd
Bridge House, Castletown, Isle of Man
Tel: 44 (0) 624 825000 Fax: 44 (0) 624 825610

OTHER OFFSHORE FUNDS

	Selling Price	Buying Price	+ or -	Yield Gross
ATSP Management Ltd				
Philippines Long Term Equity Fund NAV Dec 31	$30.41			-

LONDON STOCK EXCHANGE

MARKET REPORT

Share prices crumble in poor trading volume

By Terry Byland, UK Stock Markets Editor

Trading in the UK stock market was overshadowed yesterday by prospects for interest rates in the light of meetings today of the US Federal Reserve's Open Market Committee and on Thursday of the UK chancellor of the exchequer and the governor of the Bank of England.

Business in equities was very low in London and, with the recent spate of speculative activity somewhat reduced, the FT-SE 100-share Index was content to follow the trend in the Dow Industrial Average. The Footsie lost the 3,000 mark, closing 26.3 down at the day's worst of 2,995.9.

The FOMC meeting, and Thursday's routine meeting between the UK chancellor and the Bank governor, will set the tone for the markets this week. Analysts in London are resigned to another rise in US interest rates, and also believe that the governor of the Bank may press for higher base rates in the UK.

Shares were on the downside throughout the session, undermined by futures trading and brushing off a steadier trend in government bonds. The overnight gains in Far Eastern markets proved no help to London traders, who remained cautious even before the Dow opened the new session with a fall extending to 20 points in UK hours. There was no response to the UK December MO money supply data.

The FT-SE Mid 250 Index shed 15.9 points to 3,382.3, indicating that private investors, as well as fund managers, were staying out of the way. The most accurate picture of the day came from the Seaq total of 396.4m shares traded, barely half of Friday's number.

Although last week's batch of speculative situations continued to bubble away beneath the surface, most were awaiting further developments and there was less activity in the shares concerned. On Friday, customer, or retail, business in UK equities jumped to £2.23bn, one of the highest recent daily figures.

Shares in Wellcome gave ground as bid speculators, as well as the board, busied themselves trying to identify a possible "white knight" prepared to fight Glaxo's £9bn-plus offer, which already has the support of the Wellcome Trust, holder of nearly 40 per cent of the equity.

UK analysts scanned the list of US and European pharmaceuticals groups which might take on such a role. Hoechst, of Germany, was said to be more interested in a US acquisition. There was no response from other suggested names, which included Roche, of Switzerland, and Merck, in the US.

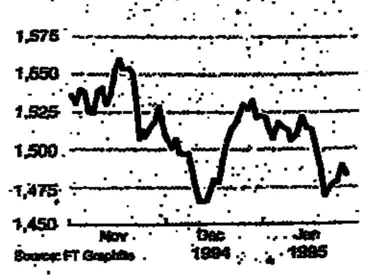
The financial sector, target for widespread takeover speculation last week, calmed down following Friday's rejection of UK bid interest by Dresdner Bank. But sector specialists believe that takeover speculation will return soon.

Further demand for Kingfisher, providing one of the market's few bright spots, reflected strong hints from sector analysts that the group might plan to break itself up following the recent departure of senior board members. This would imply selling of its constituent operations, which include Darty, the French retailer, and Comet, in the UK. At last night's close the shares were still well short of the break-up value quoted by City specialists.

Interest rate-related stocks were easier as investors waited for this week's developments in the UK and the US, but traders said there was no significant selling pressure. "Investors are simply backing off until after the interest rate outlook clears," commented one trader at a leading international house. The loss of the Footsie 3,000 mark, around which the London market has been trading since mid-September, merely served to confirm the uncertain mood.

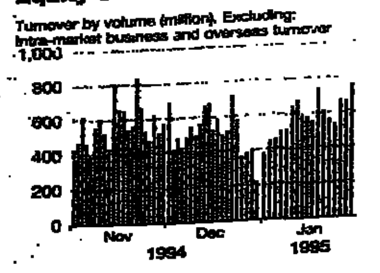
Traders commented that the UK market may have already discounted a half-point rise in US interest rates, as well as a further uptick in domestic base rates.

FT-SE-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	2995.9	-26.3
FT-SE Mid 250	3382.3	-15.9
FT-SE-A 350	1498.3	-11.7
FT-SE-A All-Share	1483.45	-10.89
FT-SE-A All-Share yield	4.12	(4.09)

FT Ordinary Index	2263.3	-21.6
FT-SE-A Non Fins p/e	17.46	(17.60)
FT-SE 100 Fut Dec	2991.0	-38.0
10 yr Gilt yield	8.66	(8.67)
Long gilt/equity yld ratio:	2.12	(2.14)

Best performing sectors

1 Building & Const .... +0.3
2 Retailers, General .... +0.3
3 Building Mats .... +0.2
4 Food Producers .... +0.0
5 FT-SE Fledgling .... -0.0

Worst performing sectors

1 Banks, Retail .... -1.4
2 Spirits, Wines & Cid .... -1.3
3 Telecommunications .... -1.3
4 Life Assurance .... -1.2
5 Gas Distribution .... -1.1

Further buying of Kingfisher

Stores group Kingfisher jumped 16 to 424p as the market responded to strong speculation in the weekend press that the fundamental problems within the group could prompt a fire sale.

Stores analysts have been working through the numbers to establish a break-up value for the group. The range starts at below 500p a share, but Mr Tony Shiret of BZW, the leading bear of the stock, believes that it could go for as much as 600p a share.

Some analysts suggested that Mr Geoff Mulcahy, Kingfisher's chief executive, will want to sell Comet, the troubled discount electrical goods group, refloat Darty and attempt to turn the rest of the group around.

Courtaulds hit

Chemicals group Courtaulds was the leading casualty in the FT-SE 100-share Index list. The stock tumbled 18½ to 407½p on concerns over a steep rise in the price of raw materials, a particularly key element in the company's fibres business known as acrylonitrile.

Dealers said the company had been telling some high profile investors that passing on price rises to the customer has been tougher than previously thought. Some of the higher forecasts for this year and 1996 are, consequently, expected to come down.

R-R under pressure

Rolls-Royce declined 3½ to 156p in 3.8m turnover to extend the stock's underperformance against the FT-SE Actuaries All-share index over the past month to more than 7 per cent. Sentiment has suffered by the lack of news on the progress of three Indian power station orders worth £650m in total, while the latest bear sniping stems from the way a number of US airlines have begun to defer plane orders.

USAir and Continental have both put sizeable orders for fleet additions on hold. Although a deferral is not an outright cancellation, the implications for Rolls-Royce's aero engines division were seen yesterday as negative.

Pharmaceuticals bid target Wellcome slid 17 to 981p as the market took a dim view of the company's ability to find a "white knight" counter-bidder which would have enough cash to top Glaxo's £9bn-plus offer.

Anglo-Dutch conglomerate Unilever moved ahead 13 to 1177p despite news that it had failed to negotiate a settlement with **Hickson International** over the failure of Persil Power. Dealers said that attempts by one marketmaker to balance the book after placing an order for half a million shares had squeezed the stock higher. Hickson held at 121p.

Pet food company **Dalgety** rose 5 to 409p on speculation that it is poised to dip into its bank account for the European pet food side of Quaker, of the US. Quaker is trying to reduce gearing following its purchase of the Snapples soft drinks business last year.

Dixons rose 2 to 204p, with S.G. Warburg believed to be encouraging buyers.

The market's recent conviction that at least one large bid is imminent in the banks sector was shaken by bearish press comment. TSB, which raced up early last week on talk of an imminent bid move by one of the big French banks, drifted down 8 to 245p on good turnover of 3.6m. The shares were also hit by switching into **Bank of Scotland**, which held up well in the face of a generally weak market and closed unaltered at 210p.

Much of the bid speculation in the merchant banks was eroded, although dealers insisted that some form of corporate move in the sector is not far away. **Kleinwort Benson** finished 11 cheaper at 609p and S.G. Warburg ended 8 lower at 750p. **Mercury Asset Management** lost 10 at 789p.

In composite insurances, worries about the flooding across Europe hit **General Accident**, down 13½ at 506½p, and **Sun Alliance**, 5 off at 294p. **Commercial Union**, unchanged at 499p, was sustained by a buy recommendation issued by Hoare Govett, the company's broker.

Activity in the utilities continued to contract. **Manweb** attracted plenty of speculative interest in the early part of the day following a newspaper report suggesting that Welsh Water could be considering a bid for Manweb, the electricity company. Dealers pointed out that the story had been circulating in the market for many months, but refused to rule out such a move.

Manweb shares jumped to 800p at one point before easing back to close only a fraction harder at 795p; turnover in the stock was an unremarkable 184,000 shares. Welsh Water receded 6 to 581p on volume of 179,000.

Last week's burst of bid speculation in **Lasmo** died down somewhat but the shares held up well in the face of the general sell-off across the market. At the close Lasmo were unchanged at 147p, with turnover again well above usual levels and finally reaching 3.1m shares.

News of the company's participation in good quality exploration acreage in southern Italy helped sentiment in the stock, dealers said. **Enterprise**, on the other hand, eased 4 to 398p.

Shell Transport fell 6 to 713p as some of the big institutions took the view that the shares could be vulnerable after the recent good run by the international oil majors.

Grand Metropolitan retreated 7 to 361p in 6.2m turnover, including one deal of 3.9m at 360p.

Airports group **BAA** and **British Airways** dipped 5 apiece in nominal volume to 460p and 368p respectively. BAA's upbeat third-quarter results were in line with market expectations and generally found favour with analysts. UBS reiterated its buy recommendation, estimating profits of £370m for 1994-95 as a whole.

Problems facing loss-making associate USAir continued to depress sentiment at BA. But NatWest Securities is urging clients to add the shares to the portfolios on the expectation that USAir will pull off a cost-cutting deal with its unions within six months.

News of delays to getting larger vehicles on to its Shuttle service left Channel tunnel operator **Eurotunnel** 8 off at 286p.

Bank note group **De La Rue** hardened 2 to 1005p as a result of a technical mark-up related to the company's bid for Portals, the specialist paper group. Portals gained 3 at 1068p.

USM-quoted publisher **Haynes** fell 20 to 330p as first-half figures came with a cautious statement which focused on the effect of rising paper prices.

ACT tumbled 18 to 74p after the profits warning, but **Filtronic** delivered one of the market's best individual performances, finishing 20 stronger at 189p after the bumper profits performance.

MARKET REPORTERS:
Steve Thompson,
Peter John,
Jeffrey Brown.

FINANCIAL TIMES EQUITY INDICES

	Jan 30	Jan 27	Jan 26	Jan 25	Jan 24	Yr ago	*High	*Low
Ordinary Share	2263.3	2284.9	2271.9	2251.7	2251.3	2677.2	2713.6	2238.3
Ord. div. yield	4.63	4.58	4.60	4.65	4.64	3.47	4.66	3.43
Earn. yld. % full	6.78	6.72	6.75	6.82	6.80	3.93	6.84	3.82
P/E ratio net	17.46	17.22	17.14	16.98	17.00	32.13	33.49	16.91
P/E ratio nil	16.54	16.68	16.60	16.44	16.47	29.79	30.80	16.37

*For 1994/5. Ordinary Share Index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share Index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
n/a	n/a	2284.4	2277.6	2271.2	2267.0	2267.6	2266.2	2267.2	2288.9	2263.2

	Jan 30	Jan 27	Jan 26	Jan 25	Jan 24	Yr ago
SEAQ bargains	19,529	20,059	22,637	22,348	23,192	45,756
Equity turnover (£m)†	-	2284.1	2047.1	1802.8	1867.7	1786.4
Equity bargains†	-	27,839	31,583	30,889	30,157	50,709
Shares traded (mil)†	-	770.5	734.9	671.6	677.1	878.0

†Excluding intra-market business and overseas turnover.

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3030.0	2991.0	-38.0	3032.0	2986.0	9470	59248
Jun		3000.5	-38.0			0	5356
Sep		3024.0	-38.0			0	36

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar		3380.0	-30.0			0	3944

■ FT-SE 100 INDEX OPTION (LIFFE) (*2996) £10 per full index point

	2800 C	2800 P	2850 C	2850 P	2900 C	2900 P	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P
Feb	195½	3½	147½	6	105	13	68	25½	38½	46½	17	79	6½	124	2	174
Mar	208½	14½	161½	22	123½	33½	89½	50	60	70½	38½	100	23½	135½	12½	177
Apr	218½	28	189	41	143	54	112½	74	83	95½	62	123½	41½	155	27½	191½
May	233½	37½	195½	50	162½	67½	130½	86	105	110½	80	136½	62½	169½	45	203
Jun†	244½	48½			174	77½			118	119½			73	176		

Calls 4,792 Puts 3,408

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2825 C	2825 P	2875 C	2875 P	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P
Feb	176½	3½	125	8½	84	17	59	33	25	58	10	92½	3	135½	1	183½
Mar	182	17½	141½	26½	104½	39½	72½	56½	47	80½	28	111½	15½	146	7½	190
Apr	198	29	157	43	124½	60½	98	82	72½	108½	53	139	37½	173½	25½	211½
Jun	227	55			161	87½			167½	131½			67	188½		
Sept†	288½	77			266½	111½			153½	154½			110	207		

Calls 267 Puts 1,245 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994/95 High	1994/95 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
100	F.P.	4.99	99	90½	Asset Man Inv	99		-	-	-	-
-	F.P.	1.63	7	5½	Cale. Media Wrts	6½		-	-	-	-
-	F.P.	64.4	173	133	Clydeport	155	-1	RN3.51	-	2.8	-
$10	F.P.	34.2	625	565	First Russian Fr	570		-	-	-	-
-	F.P.	33.7	96	93	Gartmore Mic Ind	95		-	-	-	-
-	F.P.	2.77	40	36	Do. Warrants	39		-	-	-	-
-	F.P.	27.1	55	51¾	Lazard Birla India	52¼	+¼	-	-	-	-
-	F.P.	3.17	32½	29¾	Do Warrants	30½		-	-	-	-
35	F.P.	22.1	36	34	MCIT S Cap	34		-	-	-	-
35	P.P.	23.4	36	36	MCIT S Inc	36		-	-	-	-
§3	F.P.	5.56	3½	3	MICE Group	3¼		bN0.1	3.2	3.7	10.4
100	F.P.	41.0	94	81	Matheson Lloyds	82		-	-	-	-
-	F.P.	19.0	130	95	Pentex Oil	95		-	-	-	-
182	F.P.	1,463.1	188	167	TeleWest	172½	-1½	-	-	-	-
100	F.P.	17.6	102	102	Wellington Un.	102		-	-	-	-
-	F.P.	262.1	128	118	Woodchester Units	125		-	-	-	-

FT GOLD MINES INDEX

	Jan 27	% chg on day	Jan 26	Jan 25	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	1692.83	-2.2	1731.28	1765.52	2172.72	2.26	2337.99	1731.28
■ Regional Indices								
Africa (16)	2559.55	-0.3	2566.57	2577.86	2968.04	5.36	3711.87	2304.45
Australasia (7)	2131.57	+0.2	2126.29	2129.06	2920.80	0.79	2985.58	2126.29
North America (11)	1372.95	-3.9	1428.22	1429.10	1823.86	0.82	1924.91	1388.34

Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92.
Predecessor Gold Mines Index: Jan 30; 184.1 ; day's change: -9.4 Year ago: 224.9 † Partial.
Latest prices were unavailable for this edition.

FT - SE Actuaries Share Indices — The UK Series

	Jan 30	Day's chge%	Jan 27	Jan 26	Jan 25	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	2995.9	-0.9	3022.2	3007.3	2982.2	3491.8	4.32	7.40	15.96	3.28	1145.04
FT-SE Mid 250	3382.3	-0.5	3398.2	3397.2	3390.8	4084.3	3.74	6.47	18.45	7.28	1277.04
FT-SE Mid 250 ex Inv Trusts	3394.6	-0.5	3411.3	3412.4	3407.5	4087.6	3.89	6.98	17.21	7.86	1280.00
FT-SE-A 350	1498.3	-0.8	1510.0	1504.2	1493.9	1780.6	4.19	7.19	16.47	2.00	1172.12
FT-SE-A 350 Higher Yield	1523.9	-1.0	1538.7	1533.5	1519.4	1774.7	5.24	7.69	15.54	2.74	980.16
FT-SE-A 350 Lower Yield	1472.3	-0.6	1481.1	1474.8	1468.0	1702.0	3.12	6.69	17.53	1.29	971.34
FT-SE SmallCap	1710.59	-0.2	1713.34	1713.89	1713.02	2050.49	3.39	6.52	19.25	2.84	1339.25
FT-SE SmallCap ex Inv Trusts	1692.32	-0.2	1695.41	1696.88	1696.67	2012.58	3.58	7.30	17.40	3.00	1329.57
FT-SE-A ALL-SHARE	1483.45	-0.7	1494.34	1489.05	1479.59	1745.95	4.12	7.13	16.66	2.02	1160.23

■ FT-SE Actuaries All-Share

	Jan 30	Day's chge%	Jan 27	Jan 26	Jan 25	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(25)	2646.41	-0.8	2667.08	2648.66	2632.78	2670.71	3.56	5.12	24.69	0.00	1066.40
12 Extractive Industries(7)	3586.35	-0.7	3610.78	3568.05	3526.69	4091.34	3.36	5.43	22.78	0.00	989.63
15 Oil, Integrated(3)	2636.25	-0.8	2658.33	2641.71	2630.66	2581.33	3.69	5.70	21.86	0.00	1088.66
16 Oil Exploration & Prod(15)	1888.09	-0.4	1894.30	1870.32	1856.11	1957.10	2.59	‡	‡	0.00	1091.26
20 GEN INDUSTRIALS(279)	1779.33	-0.6	1790.84	1789.47	1786.38	2194.88	4.38	5.99	19.93	1.51	915.99
21 Building & Construction(36)	947.28	+0.3	944.82	943.49	942.34	1480.69	4.09	6.53	19.98	0.00	747.96
22 Building Matls & Merchs(31)	1693.57	+0.2	1689.52	1688.36	1699.55	2352.33	4.50	6.52	18.49	0.20	806.10
23 Chemicals(23)	2212.70	-1.1	2237.41	2229.26	2205.36	2463.24	4.27	4.92	26.24	0.50	969.86
24 Diversified Industrials(17)	1740.41	-1.0	1757.65	1757.48	1758.28	2194.43	5.38	6.54	17.65	3.06	902.71
25 Electronic & Elect Equip(36)	1815.79	-0.3	1822.11	1817.45	1822.80	2221.18	4.18	7.09	16.77	1.74	896.08
26 Engineering(72)	1708.95	-0.7	1721.00	1723.43	1720.13	1984.05	3.53	5.72	20.52	2.35	966.42
27 Engineering, Vehicles(13)	2029.13	-0.9	2048.48	2032.64	2031.61	2403.82	4.93	1.71	80.00†	0.18	993.38
28 Paper, Pckg & Printing(28)	2712.86	-1.0	2740.16	2740.73	2724.63	2926.87	3.24	5.96	19.42	0.00	1074.00
29 Textiles & Apparel(21)	1460.88	-0.6	1469.71	1479.10	1474.84	1995.04	4.64	6.71	19.35	0.17	836.50
30 CONSUMER GOODS(96)	2775.69	-0.7	2795.18	2780.07	2743.58	3032.35	4.35	7.31	15.69	7.20	987.12
31 Breweries(18)	2194.16	-0.7	2210.17	2194.34	2195.91	2388.15	4.36	8.20	14.71	10.36	1004.49
32 Spirits, Wines & Ciders(10)	2511.58	-1.3	2545.38	2513.33	2490.95	3201.52	4.54	7.59	15.25	26.30	857.58
33 Food Producers(24)	2310.64	----	2309.74	2290.04	2262.21	2544.74	4.24	7.82	15.57	3.92	984.75
34 Household Goods(10)	2462.59	----	2463.54	2443.06	2412.61	2839.97	3.61	6.71	17.94	0.45	892.29
36 Health Care(18)	1574.13	-0.2	1576.90	1573.62	1569.26	1894.75	3.17	3.51	39.62	0.58	919.61
37 Pharmaceuticals(13)	3318.32	-0.8	3345.03	3337.69	3282.84	3174.53	4.06	6.46	17.89	0.00	1064.47
38 Tobacco(2)	3717.37	-1.0	3753.15	3759.22	3660.48	4500.75	5.76	9.80	11.14	0.00	847.96
40 SERVICES(231)	1836.50	-0.5	1845.17	1839.75	1831.65	2160.90	3.42	7.37	16.40	2.64	911.49
41 Distributors(32)	2286.68	-0.2	2291.81	2281.87	2440.89	3261.38	4.09	13.59	8.91	1.88	799.54
42 Leisure & Hotels(29)	2036.35	-0.8	2053.51	2052.99	2036.86	2340.32	3.54	5.91	20.28	7.18	1013.24
43 Media(43)	2684.10	-0.8	2706.92	2704.81	2674.27	3272.69	2.83	5.84	20.06	1.92	935.24
44 Retailers, Food(16)	1813.27	-0.7	1826.00	1815.20	1779.87	1644.56	3.63	8.84	13.86	2.32	1095.73
45 Retailers, General(45)	1510.40	+0.3	1506.52	1498.00	1501.16	1824.88	3.56	7.71	16.06	1.97	823.11
48 Support Services(36)	1453.95	-0.4	1459.06	1459.87	1455.63	1827.36	2.89	6.63	17.77	0.36	890.69
49 Transport(21)	2161.04	-0.9	2180.68	2177.04	2147.82	2779.26	3.94	6.90	17.34	3.32	864.66
51 Other Services & Business(7)	1203.51	-0.2	1206.24	1223.88	1214.53	1339.83	3.71	3.76	38.27	4.76	1048.30
60 UTILITIES(37)	2348.54	-1.1	2374.77	2363.67	2357.10	2732.26	4.68	7.93	15.36	8.08	925.43
62 Electricity(17)	2437.91	-0.9	2459.58	2473.55	2474.88	2578.53	4.00	10.37	11.50	17.66	1042.29
64 Gas Distribution(2)	1999.74	-1.1	2022.13	1975.24	1981.64	2357.39	5.99	‡	‡	0.00	939.26
66 Telecommunications(5)	1988.97	-1.3	2014.90	1995.79	1977.78	2422.98	4.11	7.52	16.26	0.00	863.21
68 Water(13)	1677.76	-0.7	1689.30	1701.61	1707.85	2087.48	5.97	14.31	7.63	4.62	855.51
69 NON-FINANCIALS(687)	1611.71	-0.7	1623.06	1616.87	1607.75	1852.51	4.08	6.87	17.46	2.89	1153.00
70 FINANCIALS(119)	2058.45	-1.0	2078.91	2075.38	2053.75	2698.83	4.74	9.73	11.92	0.35	822.01
71 Banks, Retail(9)	2676.84	-1.4	2713.65	2711.87	2692.18	3497.19	4.57	10.55	10.81	0.00	806.11
72 Banks, Merchant(6)	3069.03	-0.8	3092.63	3048.62	3023.85	3706.74	3.62	9.09	12.84	0.00	982.12
73 Insurance(27)	1142.59	-0.7	1150.47	1156.33	1122.34	1576.83	5.78	10.31	11.08	0.33	790.28
74 Life Assurance(6)	2255.26	-1.2	2282.25	2280.15	2226.44	2877.47	5.67	8.26	14.76	0.00	872.81
77 Other Financial(23)	1848.46	-0.1	1850.52	1853.14	1856.30	2231.33	4.04	7.69	15.50	2.11	999.72
79 Property(46)	1354.61	----	1355.27	1350.96	1340.45	1871.40	4.44	7.89	15.87	0.67	786.38
80 INVESTMENT TRUSTS(133)	2562.99	-0.3	2570.12	2556.84	2544.33	3150.29	2.44	2.08	48.00	2.65	866.83
89 FT-SE-A ALL-SHARE(919)	1483.45	-0.7	1494.34	1489.05	1479.59	1745.95	4.12	7.13	16.66	2.02	1160.23
FT-SE-A Fledgling	987.35	----	987.63	987.10	987.68	-	2.90	-	-	1.78	989.12
FT-SE-A Fledgling ex Inv Trusts	990.97	----	991.26	990.90	991.91	-	3.05	-	-	1.88	992.84

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3021.3	3016.7	3011.6	3011.0	3004.2	2999.9	2999.9	2996.6	2995.5	3021.3	2996.1
FT-SE Mid 250	3395.5	3393.3	3387.9	3387.7	3384.8	3383.5	3383.2	3382.6	3383.4	3395.5	3382.2
FT-SE-A 350	1509.4	1507.4	1504.9	1504.6	1501.8	1499.8	1499.9	1499.4	1498.3	1509.4	1498.0

Time of FT-SE 100 Day's high: 8.30am Day's low: 4.21pm. FT-SE 100 1994 High: 3520.3(2/2/94) Low: 2876.6(24/6/94).

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	888.0	888.0	887.8	888.3	889.1	889.4	889.3	888.6	891.4	891.4	888.2	+3.2
Pharmaceuticls	3322.7	3316.7	3306.6	3311.8	3304.3	3301.5	3301.2	3298.8	3292.1	3289.6	3316.5	-26.9
Water	1680.3	1678.6	1673.7	1673.7	1666.8	1666.6	1666.8	1668.8	1669.7	1671.7	1683.5	-11.8
Banks, Retail	2741.7	2739.6	2731.7	2730.0	2726.4	2720.0	2719.4	2718.3	2711.2	2711.0	2748.3	-37.3

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT, Fitzroy House, 13-17 Epworth Street, London EC2A 4DL.
The FT "500" has been renamed FT-SE-A Non-Financials index. The FT-SE 100, the FT-SE Mid 250, FT-SE Actuaries 350 and the FT-SE Actuaries Industry baskets are calculated by the International Stock Exchange of the United Kingdom and Republic of Ireland and the FT-SE Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.
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TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	519	348	-5
[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates an FT-SE 100 index constituent. All trades are rounded.

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Jan 30 / Sch) [illegible]

BELGIUM/LUXEMBOURG (Jan 30 / Frs.) [illegible]

CZECH REP (Jan 30 / Koruna) [illegible]

DENMARK (Jan 30 / Kr) [illegible]

FINLAND (Jan 30 / Mkk) [illegible]

FRANCE (Jan 30 / Frs.) [illegible]

GERMANY (Jan 30 / Dm.) [illegible]

GREECE (Jan 30 / Drachma) [illegible]

ITALY (Jan 30 / Lire) [illegible]

NETHERLANDS (Jan 30 / Fls.) [illegible]

NORWAY (Jan 30 / Kroner) [illegible]

POLAND (Jan 26 / Zloty) [illegible]

PORTUGAL (Jan 30 / Escudo) [illegible]

SPAIN (Jan 30 / Pts.) [illegible]

SWEDEN (Jan 30 / Kronor) [illegible]

SWITZERLAND (Jan 30 / Frs.) [illegible]

TURKEY (Jan 30 / Tk Lira) [illegible]

PACIFIC

JAPAN (Jan 30 / Yen) [illegible]

HONG KONG (Jan 30 / H.K.$) [illegible]

INDONESIA (Jan 30 / Rupiah) [illegible]

MALAYSIA (Jan 27 / MYR) [illegible]

NEW ZEALAND (Jan 30 / NZ $) [illegible]

SINGAPORE (Jan 30 / S$) [illegible]

AUSTRALIA (Jan 30 / Aus$) [illegible]

SOUTH KOREA (Jan 28 / Won) [illegible]

TAIWAN (Jan 28 / TW $) [illegible]

THAILAND (Jan 30 / Baht) [illegible]

NORTH AMERICA

CANADA

TORONTO (Jan 30 / Can $) 4 pm close [illegible]

MONTREAL (Jan 30 / Can $) 4 pm close [illegible]

AFRICA

SOUTH AFRICA (Jan 30 / Rand) [illegible]

INDICES

	Jan 30	Jan 27	Jan 26	1994/5 High		1994/5 Low	
Argentina							
General (29/12/77)	(u)	14952.98	15083.34	25470.40	16/2/94	13898.48	10/1/95
Australia							
All Ordinaries(1/1/80)	1856.7	1862.6	(c)	2340.60	3/2/94	1842.00	12/12/94
All Mining(1/1/80)	884.3	882.1	(c)	1136.18	3/2/94	884.30	30/1/95
Austria							
Credit Aktien(30/12/84)	369.72	370.28	370.72	468.66	2/2/94	368.08	23/1/95
Traded Index(2/1/91)	991.57	992.47	994.60	1222.25	1/2/94	978.88	23/1/95
Belgium							
BEL20 (1/1/91)	1358.33	1359.48	1355.48	1642.65	9/3/94	1338.39	7/10/94
Brazil							
Bovespa (29/12/83)	(u)	37843.0	39259.0	55110.80	13/9/94	3800.90	3/1/94
Canada							
Metals Minls♦(1975)	(u)	4020.86	4138.47	4328.07	19/1/95	3299.05	20/4/94
Composite♦ (1975)	(u)	4042.80	4087.50	4699.80	23/3/94	3959.90	24/6/94
PortfolioSS (4/1/83)	(u)	1973.96	1994.99	2182.89	1/2/94	1966.49	28/6/94
Chile							
IPGA Gen (31/12/80)	(u)	5442.4	5436.7	6754.40	21/11/94	3881.20	4/4/94
Denmark							
CopenhagenSE(3/1/83)	349.27	346.90	344.43	413.78	2/2/94	335.88	20/12/94
Finland							
HEX General(28/12/90)	1826.5	1832.8	1820.9	1972.08	4/2/94	1681.10	3/1/94
France							
SBF 250 (31/12/90)	1200.07	1200.70	1204.09	1585.29	2/2/94	1178.82	23/1/95
CAC 40(31/12/87)	1813.43	1814.13	1826.28	2355.93	2/2/94	1772.84	23/1/95
Germany							
FAZ Aktien(31/12/58)	761.17	759.27	762.31	859.27	18/5/94	742.84	5/10/94
Commerzbank(1/12/53)	2161.10	2158.70	2167.00	2465.50	2/5/94	2116.30	5/10/94
DAX (30/12/87)‡	2035.03	2081.70	2030.68	2271.11	16/5/94	1986.69	7/10/94
Greece							
Athens SE(31/12/80)	807.15	820.37	828.03	1194.58	18/1/94	804.37	22/11/94
Hong Kong							
Hang Seng(31/7/64)	7342.65	7297.12	7310.53	12201.09	4/1/94	6967.93	23/1/95
India							
BSE Sens.(1979)	3575.79	3505.81	(c)	4628.57	12/9/94	3411.64	24/1/95
Indonesia							
Jakarta Comp.(10/8/82)	437.26	437.15	434.46	612.89	5/1/94	432.86	25/1/95
Ireland							
ISEQ Overall(4/1/88)	1848.89	1855.56	1863.87	2082.16	20/1/94	1694.14	1/7/94
Italy							
Banca Comm Ital (1972)	662.44	665.71	664.56	817.17	10/5/94	581.84	13/12/94
MIB General (2/1/95)	1047.0	1052.0	1050.0	1074.89	23/1/95	978.00	10/1/95
Japan							
Nikkei 225 (16/5/49)	18752.86	18104.35	18070.84	21552.81	13/6/94	17369.74	4/1/94
Nikkei 300 (1/10/82)	268.54	258.60	258.73	311.71	13/6/94	254.80	23/1/95
Japan							
Topix (4/1/68)	1456.46	1412.83	1415.61	1712.73	13/6/94	1399.66	23/1/95
2nd Section (4/1/68)	1926.20	1934.10	1930.74	2542.65	6/7/94	1873.33	4/1/94
Malaysia							
KLSE Comp.(4/4/86)	(c)	883.29	877.36	1314.46	5/1/94	840.87	24/1/95
Mexico							
IPC (Nov 1978)	(u)	1957.65	2018.61	2881.17	8/2/94	1957.33	20/4/94
Netherland							
CBS TtlRtnGen(End 83)	442.7	443.0	440.5	454.90	31/1/94	406.30	21/6/94
CBS All Shr (End 83)	277.7	277.9	276.4	294.80	31/1/94	257.90	21/6/94
New Zealand							
Cap. 40 (1/7/86)	1966.02	1942.68	1923.01	2439.64	3/2/94	1878.09	12/12/94
Norway							
Oslo SE(Ind)(2/1/83)	1119.79	1123.26	1112.43	1211.16	28/2/94	980.91	21/6/94
Philippines							
Manila Comp (2/1/85)	2419.64	2403.95	2440.31	3306.37	4/1/94	2374.86	24/1/95
Portugal							
BTA (1977)	2711.0	2710.2	2682.4	3226.80	18/2/94	2612.80	20/6/94
Singapore							
SES All-S'pore(2/4/75)	507.27	498.08	492.86	641.81	4/1/94	472.80	23/1/95
South Africa							
JSE Gold (28/9/78)	1495.2♥	1577.3	1597.9	2534.00	7/9/94	1495.20	30/1/95
JSE Ind. (28/9/78)	6271.9♥	6331.7	6312.0	6994.40	30/12/94	5449.00	19/1/94
South Korea							
KoreaCompEx(4/1/80)**	925.56	907.05	927.85	1138.75	8/11/94	855.37	2/4/94
Spain							
Madrid SE (30/12/85)	281.38	282.47	282.10	358.31	31/1/94	276.35	11/1/95
Sweden							
AffarsvarldnGen (1/2/37)	1517.10	1523.10	1518.00	1803.90	31/1/94	1334.70	6/7/94
Switzerland							
Swiss Bk Ind (31/12/58)	1206.05	1207.87	1213.73	1423.34	31/1/94	1138.72	27/10/94
SBC General (1/4/87)	898.33	896.40	901.05	1083.28	31/1/94	876.57	27/10/94
Taiwan							
WeightedPr.(30/6/66)**	(c)	(c)	6307.85	7191.13	30/9/94	5194.63	19/3/94
Thailand							
Bangkok SET (30/4/75)	1225.79	1214.78	1209.98	1753.73	4/1/94	1191.28	23/1/95
Turkey							
Istanbul Comp.(Jan 1986)	25030.5	25246.0	24781.0	28145.10	2/12/94	12980.78	24/3/94
WORLD							
MS Capital Int (1/1/70)§	609.7*	604.3	602.5	649.60	2/11/94	591.80	4/4/94
CROSS-BORDER							
Eurotrack 100(26/10/90)	1304.40	1307.52	1308.10	1540.19	31/1/94	1286.48	5/10/94
Euro Top-100 (26/6/90)	1160.80	1165.80	1163.45	1311.01	2/2/94	1135.48	5/10/94
JCapsDrgns (31/12/88)	(u)	271.81	271.77	395.19	5/1/94	261.48	23/1/95
Barings Emerg.(7/1/92)	(u)	140.31	140.25	191.79	28/9/94	137.15	24/1/95

US INDICES

Dow Jones	Jan 27	Jan 26	Jan 25	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Industrials	3857.99	3870.44	3871.45	3978.36 (31/1/94)	3593.35 (4/4/94)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	94.67	94.32	94.33	105.61 (21/1/94)	93.56 (30/12/94)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1523.50	1510.46	1523.38	1862.29 (2/2/94)	1371.89 (13/12/94)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	192.20	190.61	190.15	227.86 (3/1/94)	173.94 (22/11/94)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3914.18 (3903.41) Low 3827.37 (3839.15) (Theoretical♦)
Day's high 3865.59 (3879.52) Low 3848.57 (3853.28) (Actual♦)

Standard and Poors	Jan 27	Jan 26	Jan 25	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Composite ‡	470.39	468.32	467.44	482.00 (2/2/94)	438.92 (4/4/94)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	554.69	553.73	553.21	563.18 (28/10/94)	510.05 (21/4/94)	563.18 (28/10/94)	3.62 (21/6/32)
Financial	43.93	43.36	43.01	48.94 (14/6/94)	39.87 (22/11/94)	48.49 (26/8/93)	8.64 (1/10/74)
NYSE Comp.	255.88	254.92	254.41	267.71 (2/2/94)	243.14 (4/4/94)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	436.75	437.74	438.52	487.89 (2/2/94)	420.23 (13/12/94)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	756.91	757.56	760.96	803.93 (18/3/94)	693.79 (24/6/94)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Jan 27	Jan 20	Jan 13	Year ago
Dow Jones Ind. Div. Yield	2.79	2.77	2.73	2.57
	Jan 25	Jan 18	Jan 11	Year ago
S & P Ind. Div. yield	2.43	2.40	2.44	2.512
S & P Ind. P/E ratio	18.90	19.06	18.76	26.66

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Compaq	8,822,500	35¾	-1⅜
Am T & T	8,439,300	49⅝	--
Walt Disney	7,444,100	50¼	+3
Telefonos	6,024,000	32¾	-1⅛
McDonalds	6,009,600	32¾	+1⅛
Chile Tele	4,122,900	73⅛	-1⅛
K Mart	3,869,600	14	+⅛
GTE	3,813,000	34	+⅜
Philip Morris	3,506,900	60¾	+1⅛
EMC	3,300,700	18¼	-⅛

■ TRADING ACTIVITY

● Volume (million)

	Jan 27	Jan 26	Jan 25
New York SE	339.487	311.909	341.928
Amex	14.122	13.813	15.242
NASDAQ	280.361	278.157	294.436
NYSE			
Issues Traded	2,916	2,920	2,915
Rises	1,265	1,092	1,196
Falls	950	1,008	929
Unchanged	699	820	790
New Highs	42	31	28
New Lows	48	44	38

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
■ CAC-40							
Jan	1813.0	1813.0	+2.0	1820.0	1806.5	27,251	13,017
Feb	1821.5	1821.5	+2.0	1826.0	1815.0	15,297	18,630
■ DAX							
Mar	2036.5	2042.0	-5.5	2047.5	2037.0	8,608	N/A
Jun	2059.0	2061.5	-6.5	2054.5	2056.5	641	N/A
■ OMX							
Feb	1170.00	1160.00	-10.0	1170.00	1157.25	3,924	17,866
Mar	1172.50	1165.00	-9.0	1172.50	1165.00	110	780
■ SOFFEX							
Feb	2556.0	2545.0	-7.0	2557.0	2540.0	1,841	15,586
Mar	2551.0	2551.0	-4.0	2551.0	2551.0	5	482

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
■ S&P 500							
Mar	471.65	471.30	-0.25	472.00	470.80	72,165	198,012
Jun	475.40	475.30	-0.05	475.40	475.20	1,679	13,273
■ Nikkei 225							
Mar	18380.0	18850.0	+710.0	18940.0	18380.0	41,398	127,433
Jun	18410.0	18880.0	+720.0	18940.0	18410.0	532	6,900

Open interest figures for previous day.

** Sat Jan 28: Taiwan Weighted Price (c) ; Korea Comp Ex 925.58. Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Jan 30 - 2026.68 –3.88

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994/95, except Toronto & Montreal (daily). ≠ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Monday, January 30, 1995

	Stocks Traded	Closing Prices	Change on day
Aoki Corp	26.6m	623	+100
Obayashi Corp	22.0m	842	+96
Nippon Steel	16.4m	370	+8
Taisei Corp	14.7m	724	+73
Toyo Const	12.9m	750	+100
Toa Corp	12.4m	883	+100
Sumitomo Osaka	11.5m	580	+45
Sumitomo Const	10.4m	887	+100
Kumagai Gumi	10.2m	595	+72
Okumura Corp	9.8m	985	+100

4 pm close January 30

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994/95 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
17⅜	11⅞	AAR	0.48	3.5	24	312	14	13⅝	13⅝	-¼
21⅞	12⅝	A L Labs A	0.18	0.9	44	308	19½	18⅝	19⅝	
79⅜	57⅝	AMP	1.84	2.5	28	819	73⅜	72⅝	72½	-⅞
72¾	48⅛	AMR			25	5414	58¾	57	57	-1½
56⅛	38⅝	ASA	2.60	4.6	28	485	43⅞	42¾	43⅜	+¼
34¼	25⅜	Abbott	0.78	2.2	18	11050	u34⅝	34	34½	+⅜
15¾	11⅜	AbtlbPr	0.50	3.7	12	100	13⅜	13¼	13½	-¼
24⅜	17¾	ABM Ind	0.60	2.5	14	53	x24⅜	23⅞	23⅞	-⅜
18	11⅛	Acptnceln			12	141	16½	16⅜	16⅜	-⅛
31	20¾	ACE Ltd	0.44	1.8	8	257	24⅜	24	24⅜	+¼
12½	9	ACM Gvt In x	1.09	11.8	8	374	9⅜	9¼	9¼	+1/32
10⅛	6⅞	ACM GvOpp x	0.80	11.2		35	7¼	7⅛	7⅛	+.55
10⅝	6¾	ACM Gvt Sp x	0.96	13.2		417	7¼	7	7¼	[illegible]
12	7⅝	ACM Gvt Se x	1.09	13.1		212	8⅜	8¼	8⅜	+1/32
11¾	7⅜	ACM Man x	1.08	13.3		181	8¼	8	8⅛	+.96
9¾	7¼	ACM Mngd x	0.72	9.9		158	7⅜	d7¼	7¼	+1/32
16¼	8¾	AcmeClv	0.48	3.1	9	412	15¾	15¼	15½	+½
19⅞	6½	Acme Elect			18	161	18¼	18	18	+⅛
33½	23	Acordia	0.60	1.9	16	22	31⅝	31⅛	31⅝	+⅛
13¾	5¾	Actava	0.35	4.1	2	292	9	8¾	8¾	-⅜
18⅜	11¼	Acuson			25	439	15⅞	15⅝	15¾	
18⅜	15½	Adams Expr	0.36	2.3	0	86	16	15⅞	15⅞	
64½	46½	Ad Micro	3.00	5.0		139	61	59½	60	-¾
32¼	16¾	AdvMic	3.00	10.1	8	5943	30⅜	29⅝	29¾	-½
6⅞	5	Advest Grp	0.16	2.9	27	360	5⅝	5½	5½	-⅛
20	15	Advo Inc	0.10	0.6	14	90	18¼	17½	17½	-⅝
66⅛	49⅜	Aegon ADR	1.47	2.3	12	5	64⅝	64⅝	64⅝	+⅜
5	3½	Aerflx			6	105	3⅞	3¾	3¾	-⅛
65¾	42¼	Aetna	2.76	5.6	6	1172	49¾	49⅜	49⅛	-⅛
36⅛	25¼	Aflac	0.46	1.4	12	882	34	33⅝	33⅝	-¼
[illegible]										

1994/95 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
63½	50½	BellSth	2.76	4.7	13	3829	58¾	58¼	58⅝	+⅛
60½	43⅛	Belo A	0.60	1.0	20	409	59¼	58⅜	58⅜	-1⅝
25¾	20½	Bemis	0.54	2.2	17	522	25⅛	24⅝	25	+½
69	48¾	Benef 4.3P	4.30	8.2		2	52½	52½	52½	+⅛
44	34½	Benef	1.72	4.3	10	360	40	39½	39¾	+½
36⅞	21⅜	Benetton A	0.47	2.2	12	z100	21⅝	21⅝	21⅝	-¼
1⅛	⅝	Benguet B	0.04	5.8	8	330	11/16	⅝	11/16	+1/16
24¾	13¾	BergBr	0.48	2.0	15	1677	24⅛	23⅛	23¾	-½
23950	15150	BerkH			30	1	23900	23850	23900	+200
11⅜	8	Berry Petr	0.40	4.1	65	23	9¾	9⅝	9¾	
45¼	19	Best Buy			25	1381	31¼	31⅛	31¼	-½
28¼	25¼	Beth St 2	2.50	9.7		43	26	25⅝	25⅞	-¼
55⅜	49¾	Bethlhm Pf	5.00	9.8		14	50⅞	50¼	50⅞	-⅛
24⅛	16¼	BethSt	0.40	2.5	45	10208	16½	d15¾	15⅞	-½
53⅝	42¼	Betz L	1.44	3.1	21	228	46½	45⅞	46	+⅜
16⅛	11¾	BevEnt			17	2960	13⅞	13⅝	13⅞	
21¾	11¾	Biocraft	0.10	0.6	177	243	18⅛	17¼	17¼	+⅛
32⅝	18¾	Birmngm S	0.40	1.9	15	937	21⅜	20¾	20¾	-½
25¾	16½	BlDeck	0.40	1.7	20	2007	24⅜	23⅞	24⅛	-¼
22¾	17¾	Black H PL	1.32	6.2	12	184	21⅜	21	21¼	+¼
10¾	7⅜	BlckrckAdv	0.68	8.4		35	8	7⅞	8	+⅛
8½	5⅞	Blckrckinc	0.75	11.1		385	6¾	6⅝	6¾	+⅛
10⅛	7⅞	BlckrckTgt	0.65	7.6		434	8½	8⅜	8½	
48¾	33	Block	1.25	3.6	21	6049	35⅜	34¾	35	+¼
8⅜	6	Blue Chip	2.64	42.2		66	6¼	6⅛	6¼	+⅛
17½	9¾	BMC Ind	0.08	0.5	17	187	u17½	17¼	17⅛	+⅛
50⅛	42⅛	Boeing	1.00	2.2	17	8547	45⅝	44⅝	44¾	-1
30¾	19	BoiseC	0.60	2.3	8	2972	27⅞	26¼	26¼	-1⅝
21⅜	10	Bolt B & N	0.08	0.4	39	1772	16¼	15¾	15⅞	-¼
26⅜	9⅞	Bordn Chm	6.56	31.2	5	2987	22	21	21	-2⅜
[illegible]										

- B -

[illegible]

- C -

[illegible]

- D -

[illegible]

- E -

[illegible]

- F -

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4 pm close January 30

NYSE COMPOSITE PRICES

Continued from previous page

1994/95 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
15½	30⅛	SFePPipe	2.80	8.2	6	61	34¼	34	34	-⅛
36¼	12⅛	SaFeP	0.10	0.5	17	7379	18½	18¼	18⅜	-⅛
26⅛	18⅞	SaraLee	0.68	2.6	52	8043	26	25¼	25¾	+¼
50⅛	41	Scana Corp	2.82	6.4	12	694	44	43¾	43¾	-¼
30½	12½	Scecrp	1.00	6.2	10	8752	16	15⅝	16	+¼
13⅜	8¼	SchawkA	0.26	2.6	35	89	10⅛	10⅛	10⅛	
45½	31¾	ScheringP			30	2222	44⅞	44	44¾	+⅝
63⅝	54½	SchrPl	2.04	2.6	16	5013	u77½	75⅜	77½	+1⅛
63	50	Schlmb	1.20	2.2	24	2498	54⅛	53⅝	53⅝	-½
40¼	23¾	Schwab(C)	0.36	0.9	17	968	39⅝	39⅛	39⅝	+¼
10¾	6⅛	Schweitzer			7	11	8⅛	8⅛	8⅛	
22¾	12½	SciAtl	0.06	0.3	25	1512	20⅛	19⅞	20⅛	-⅛
18¼	13	Scotman	0.10	0.6	12	41	17⅝	17⅜	17⅜	-¼
74½	37¼	ScottP	0.80	1.2	21	3101	68¼	67⅛	67⅞	-1½
31	23	Scripps	0.44	1.6	16	185	27¼	26⅞	27	
38⅝	15⅞	ScudderNwF x	0.02	0.1		43	16⅞	16⅜	16⅜	-¼
25⅛	8¾	ScudderNEuF	0.16	1.8		210	9	8⅞	9	
18¼	12	SeaCnB	0.70	5.0	8	z100	13⅞	13⅞	13⅞	-⅞
16½	14¼	SeaC1.4625	1.46	9.5		4	15⅜	15⅛	15⅜	
28	22⅞	S'gate			7	4053	25½	24½	24½	-1
32⅝	26¼	Seagrm	0.60	2.1	13	7040	28⅝	28⅜	28½	-⅜
39⅞	17⅛	SeagaB En			27	6561	17½	d16	16⅛	-1⅝
40⅝	26⅝	Sealed Air			21	352	40⅛	39¾	39⅞	-⅛
55⅛	42⅛	SearsR	1.60	3.6	13	19152	45¼	44¼	44¼	-1⅛
13¾	9¾	Seligm Sel	0.84	7.3		46	11¾	11½	11½	-⅛
30¼	26	Sensormat	0.22	0.8	22	3879	28⅞	28⅛	28⅞	+⅜
29¾	17⅝	SequaA	0.60	2.7	8	14	22¼	22¼	22¼	-⅛
30¼	21	SequaB	0.50	2.1	12	8	23¾	23½	23¾	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1994. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4 pm close January 30

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
Pegasus G	0.10	6	759	10⅝	10½	10⅝	
Partal	0.80	16	22	9¾	9⅝	9⅝	-⅛
Pittway A	0.50	64	56	39¼	38½	38½	-⅞
PMC	0.95	12	60	11½	d11¼	11½	+⅛
PresidioA	0.10	2	50	½	½	½	-1/16
ReganBrad		30	16	u35	33	34½	
RB&W Cp		32	101	8¼	8	8	-¼
SJW Corp	2.16	10	z100	37	37	37	
StnrdUnion		19	181	17⅛	16¾	16¾	-¼
Nat Pant		3	205	1⅞	1¾	1⅞	
NY TmA	0.56	15	657	21¾	21⅜	21⅝	-⅛
NumacE		17	5	5¼	5¼	5¼	
NVR		13	9	5½	5½	5½	
WIRET	1.12	13	36	12⅝	12½	12⅝	
Worthen	0.60	11	95	29¾	29⅛	29½	+½
Xytronix		3	87	3⅛	2 15/16	2 15/16	-5/16

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
Chambers		8	60	4 1/16	4	4	
Champion		9	79	30½	30⅛	30⅛	-⅝
CircPh	0.04	19	529	16⅝	15⅞	15⅞	-½
Cntrl FdA	0.01		143	4⅝	4½	4⅝	
Cominco	0.30	17	32	16¾	15⅛	15⅜	-1⅛
Giant FdA	0.72	15	155	22⅝	22⅜	22½	-¼
GlatfIr	0.70	62	202	16½	16⅜	16⅝	+¼
Goldfield		1	2	⅜	⅜	⅜	
Greenman		8	z100	4 7/16	4 7/16	4 7/16	-1/16
Gulf Cda	0.34	5	932	2 13/16	2¾	2 13/16	-1/16

NASDAQ NATIONAL MARKET

4 pm close January 30

AMERICA

Dow moves lower ahead of FOMC

Wall Street

US shares bounced about skittishly in negative territory yesterday morning as investors worried about another interest rate increase ahead of the two-day meeting of the Federal Reserve's Open Market Committee which begins today, *writes Lisa Bransten in New York*.

By 1 pm, the Dow Jones Industrial Average had lost 19.51 at 3,838.48. The Standard & Poor's 500 was off 1.32 at 469.07, the American Stock Exchange composite fell 2.75 to 434.00 and the Nasdaq composite lost 4.08 at 754.83. Volume on the NYSE was 181m shares.

Consensus on Wall Street held that the Fed would raise interest rates 50 basis points at the FOMC meeting, which put cyclical stocks under pressure. Morgan Stanley's index of cyclical issues lost more than 1 per cent as component shares fell.

Aluminum Company of America lost $2⅝ at $78⅜, Dow Chemical fell $⅞ at $61⅞, Georgia Pacific shed $1⅛ at $72⅝ and International Paper was off $1⅞ at $71⅜.

Adding to the gloom on yesterday's market were statistics from the commerce department showing personal income for December up by a higher-than-expected 0.8 per cent, while consumer spending gained only 0.3 per cent.

American Depository Receipts of Telmex fell to a 12-month low as investors showed nervousness about whether Congress would approve a package to help Mexico through its financial crisis. The telecommunications monopoly lost $1¾ at $31⅛, and was the most actively traded issue on the NYSE though the morning.

Three other Latin ADRs among the 20 most active shares were Mexico's Grupo Televisa, down $⅞ at $19⅞, Empresas ICA, off $⅜ at $7⅝, and Argentina's YPF, the privatised oil and gas company, which lost $¼ at $19⅝.

Shares in Promus jumped $2¼ at $33½ after the hotel and casino company said it would spin off its hotel business into a separate, publicly-traded company.

Shares were mixed for the subsidiaries of General Motors reporting results yesterday. GM Hughes lost $¼ at $35 after reporting earnings slightly ahead of analyst expectations and GM EDS was up $⅝ at $38⅝ after putting out earnings in line with expectations.

Canada

Toronto was lower at midday, extending earlier losses after sharp declines in heavily weighted metal stocks, while interest rate worries ahead of the US FOMC meeting also weighed on equities.

The TSE 300 composite index was down 36.91 to 4,005.92 by noon in volume of 24.2m shares. The metals group sank 100.11 to 3,920.57 on weak base metal prices.

Mexico, Brazil fall

Mexican equities fell heavily in early trade amid uncertainty about whether a $40bn US aid package for the country would be ratified. With the peso also extending its opening fall against the dollar and unconfirmed rumours of a sharp decline in Mexico's international reserves, the IPC index was off 53.52 or 2.7 per cent at 1,904.39 by midsession, having earlier touched 1,885.

In the US a senior Republican senator said that the proposed $40bn rescue package stood a "decent chance" of passing Congress, but stopped short of predicting victory. President Bill Clinton had been in touch with Congress in an appeal to get the bill debated later yesterday.

● BRAZIL: In São Paulo, equities were weaker by midday on worries over the passage of the US aid package. The Bovespa index had declined 2,468 or 6.5 per cent to 35,375, up from a low of 34,231.

Analysts said the sell-off was triggered by remarks by some US Senators saying that President Bill Clinton was not doing enough to sell his aid plan, combined with polls showing strong public opposition in the US to the package.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1994	Start of 1994	Start of 1994
Austria	-0.03	-6.43	-19.94	-17.30	-11.91	-5.20
Belgium	-0.27	-1.97	-12.21	-10.62	-3.70	+3.63
Denmark	+0.31	-1.54	-16.94	-10.18	-5.03	+2.20
Finland	-1.73	-0.03	+6.88	+23.50	+40.72	+51.42
France	-0.04	-3.48	-20.47	-18.92	-15.23	-8.78
Germany	-1.37	-4.19	-7.58	-12.61	-6.73	+0.37
Ireland	+1.09	+0.16	-5.32	+1.77	+5.61	+13.65
Italy	-1.12	+4.99	+6.07	+9.21	+8.63	+16.88
Netherlands	+1.24	-0.09	-4.58	-2.77	+3.55	+11.43
Norway	+1.75	-2.21	-5.36	+4.36	+10.10	+18.48
Spain	+0.95	-1.05	-19.22	-13.70	-12.89	-6.26
Sweden	+0.20	+3.22	+0.36	+8.34	+12.71	+21.29
Switzerland	-1.18	-3.39	-16.43	-12.18	-4.68	+2.59
UK	+0.68	-1.56	-12.67	-11.55	-11.55	-4.82
EUROPE	+0.01	-1.68	-11.69	-10.29	-7.30	-0.24
Australia	-0.45	-1.99	-14.31	-11.79	-7.91	-0.90
Hong Kong	+0.32	-10.96	-38.09	-40.58	-44.82	-40.62
Japan	-3.48	-9.94	-8.57	-2.90	+1.63	+9.35
Malaysia	-0.91	-12.48	-20.20	-32.77	-34.19	-29.18
New Zealand	-0.36	+3.03	-10.72	-6.59	-0.65	+6.91
Singapore	+1.19	-10.39	-10.32	-17.58	-15.10	-8.64
Canada	-1.39	-3.61	-5.32	-2.70	-15.38	-8.94
USA	+1.29	+2.62	-0.70	+1.46	-5.72	+1.46
Mexico	-5.28	-15.42	-22.67	-20.46	-59.18	-56.08
South Africa	-4.88	-13.50	+6.08	+3.56	+1.93	+9.69
WORLD INDEX	-0.67	-3.35	-7.76	-5.37	-6.49	+0.63

† Based on January 27, 1995.

EUROPE

Bourses subdued by American considerations

Bourses were cowed by American considerations, *writes Our Markets Staff*.

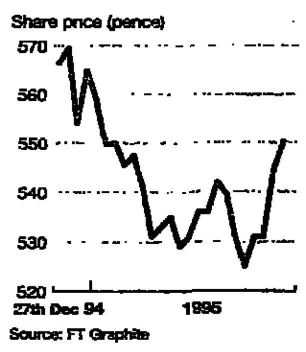
Today's Federal Open Market Committee meeting in Washington encouraged early inactivity, and concern over the Mexican rescue package made its impact later as Wall Street lost ground.

FRANKFURT finished at its low for the day, the Ibis-indicated Dax index closing the post bourse at 2,026.68 after a session gain of 3.33 at 2,035.03.

Turnover fell from DM5.9bn to DM5.1bn. KHD's problems, which soured the market last Friday, were manifest in a DM60m net loss for 1994 and the engineer's need for a financial rescue operation. But the shares stayed suspended and Deutsche Bank, KHD's biggest shareholder with outside estimates of its exposure running at DM500m, actually rose DM1.10 to DM690.60.

The day's big winners included the retail sector, where Douglas rose DM16.20 to DM440.20 and Karstadt DM8 to DM550 just three weeks after a savage earnings downgrade by DB Research. Mr Glen Liddy of Kleinwort Benson said KB was still quite cautious about the outlook for retailers, concentrating on this year's difficulties instead of potential recovery in 1996.

Karstadt



Source: FT Graphite

In utilities, Viag advanced DM7 to DM495.50. The company might be getting its second wind, said Mr Liddy, again three weeks after it rose in response to a joint attack, with BT, of the UK, on the German telecommunications market.

PARIS moved in a narrow range in light turnover, the CAC-40 index closing 0.70 lower at 1,813.43.

In the automotive sector there was high volume in Michelin, which lost FFr1.50 at FFr204.50, while Peugeot dipped FFr7 to FFr701 and Valeo FFr4.20 to FFr248.80; Renault managed an 80-centime rise to FFr171.80.

Two contrasting opinions on Michelin were published in the last few days. Paribas recommended the tyre group as a buy given the high level of sales in 1994 and good prospects for the months ahead. It said that the stock was undervalued, having underperformed the CAC-40 index by some 13 per cent since the beginning of July. "The 1996 p/e of 7.3 times is still significantly below a normal, top of the cycle p/e of around 10 times, suggesting a potential upside of around 20 per cent relative to the market."

Nomura was bearish, and suggested that the fall in the share price over the last few months had left investors looking for a bounce. Recommending a sell it expected a disappointment in earnings recovery. "Recent cost pressures from raw material price increases have been slow to be reflected in tyre prices, and recently announced tyre price increases do no more than match cost movements," the broker commented. "The industry, in the words of a competitor, has 'its back to the wall', and we see no reason for this to change in the near term."

FT-SE Actuaries Share Indices

Jan 30	THE EUROPEAN SERIES							
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1304.33	1306.22	1304.90	1304.07	1304.08	1304.57	1304.02	1304.40
FT-SE Eurotrack 200	1365.70	1366.55	1365.94	1364.29	1363.48	1363.41	1362.86	1363.04
		Jan 27	Jan 26	Jan 25	Jan 24	Jan 23		
FT-SE Eurotrack 100		1307.52	1308.10	1294.51	1299.33	1291.62		
FT-SE Eurotrack 200		1370.10	1365.94	1356.17	1353.78	1346.48		

Base 1000 (26/10/90); Highday: 100 - 1305.38; 200 - 1366.72 Lowday: 100 - 1302.70 200 - 1362.55 † Partial

Among non-CAC 40 stocks, Eridania Béghin-Say, the Franco-Italian agri-industrial group, put on FFr19 or 2.7 per cent at FFr709, helped by buying ahead of its 1994 results. Hoare Govett noted that while the results were likely to be flat, the group should see a return to "sustained earnings growth of around 10 per cent over the next two fiscal years".

MILAN was still unsure whether the new government has the necessary support for its planned reforms. The Comit index shed 3.27 to 662.44.

Montedison fell L39 to L1,271 in heavy volume of 47.8m shares and its parent, Ferruzzi Finanziaria, by L15 to L1,201 after Montedison said at a presentation to fund managers on Friday that the two had no plans for a merger. Montedison also forecast a flat net result after minorities for 1994, which was below expectations.

Olivetti turned back from an early high of L2,070 to finish L17 lower at L2,011, with the early boost coming in response to the denial that a capital increase was planned. Repeated rumours last week that one was on the way helped to knock 5 per cent off Olivetti's share price, but on Friday, Omnitel, its partly owned mobile telephone company, said it planned to raise some L1,600bn in loans.

Fiat finished L17 lower at L6,532, off a high of L6,620. Mr Gianni Agnelli's annual letter to shareholders, giving a broad outline of the past financial year, is due on Thursday.

ZURICH was easier in slack trade, the SMI index falling 8.4 to 2,540.2. Among cyclicals, Georg Fischer added SFr50 at SFr1,495 on a buy recommendation by Bank Vontobel, which was also said to be a buyer of the stock.

Oerlikon-Bührle, which released higher 1994 sales figures after the bourse closed, but said that it had not yet decided whether to resume the dividend, was down SFr1.50 at SFr127.50.

AMSTERDAM barely moved, the AEX index finishing off 0.61 at 411.85. Unilever continued to perform, climbing Fl 1.10 to Fl 201.90.

BUDAPEST hit an 18-month low on the weekend resignation of Hungary's finance minister Mr Laszio Bekesi, the Bux index closing 69.41 or 5.5 per cent lower at 1,183.45.

WARSAW dropped to new 1994-95 lows for the second session running, the Wig index losing 120.9 or 1.8 per cent at 6,462.1 as turnover, ominously, increased by 43 per cent to 30.7m zlotys.

Written and edited by William Cochrane, John Pitt and Michael Morgan

ASIA PACIFIC

Nikkei surges 3.6% after Sumitomo Bank write-offs

Tokyo

Last Friday's bad debt write-offs by Sumitomo Bank gave a psychological boost to investor confidence and the Nikkei index surged 3.6 per cent on active buying, *writes Emiko Terazono in Tokyo*.

The 225 average rose 648.53 to 18,752.88 in volume of 650m shares, the largest since June last year. Sumitomo Bank advanced Y270 to Y1,880 and prompted broadly based buying of financial stocks, while individuals continued to purchase shares linked to the "reconstruction of Kobe" theme.

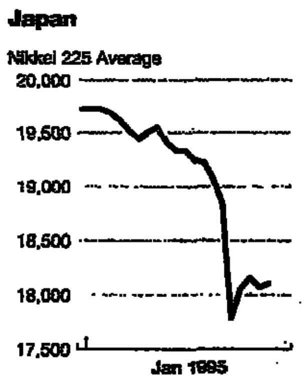
The index opened at the day's low of 18,137.27 and jumped to a high of 18,818.51 in the early afternoon. While overseas profit-taking eroded some of the gains, buying by domestic investors supported share prices throughout the day.

The Topix index of all first section stocks moved ahead 53.63 or 3.8 per cent to 1,466.46 and the Nikkei 300 added 10.94 or 4.2 per cent at 269.54. Gainers overwhelmed losers by 840 to 242, while 95 issues were unchanged.

London dealings extended Tokyo's bumper returns, the ISE/Nikkei 50 index rising another 17.87 or 1.5 per cent to 1,222.81. The advance, said dealers, pointed to a 300-point gain in Tokyo today.

Short-covering in banks prompted a surge in financials. Reports that Sumitomo would write off Y800bn in bad loans and post a loss for the current year, the first ever for a Japanese bank in the post Second World War era, indicated a shift in the bank's method of dealing with the problem.

Japan



Source: FT Graphite

Investors, expecting other banks to follow suit, bought across the whole sector.

Mitsubishi Bank appreciated Y280 to Y2,370 and Industrial Bank of Japan climbed Y300 to Y2,680. Buying spread to the property sector on hopes of a faster resolution of the bad loan problems at the banks. Mitsui Fudosan rose Y101 to Y1,080 and Sumitomo Realty and Development added Y100 at Y643.

Meanwhile, individual investors continued to purchase stocks related to the rebuilding of infrastructure and houses in the areas damaged by the Kobe earthquake. Construction, steel, and cement stocks led activity. Aoki, the most active issue of the day, jumped Y100 to Y623, Obayashi gained Y96 at Y842 and Nippon Steel rose Y8 to Y370.

Misawa Homes, the prefabricated housing maker, put on Y200 at Y1,250 on reports that, due to the light weight of their walls, none of the company's steel structured prefab houses in the Kobe region were damaged by the earthquake. Taisei Prefab Construction moved forward Y200 to Y1,330.

In Osaka, the OSE average rose 523.34 to 20,678.34 in volume of 139.8m shares.

Roundup

Activity in the region was generally muted ahead of this week's Chinese new year holiday and the meeting of the US FOMC today.

SINGAPORE finished its holiday shortened trading day on a strong note, encouraged by Tokyo's rally. The Straits Times Industrial index closed 48.36 or 2.4 per cent higher at 2,083.36, the rise exaggerated by a thin market.

Singapore Press foreign shares rose S$2.10 to S$24.90 and SIA by 70 cents to S$8.80. Promet, the Malaysian engineering group, gained 9 cents at S$1.22 in active business after the company announced that it had won a $68m pipeline deal in Pakistan.

HONG KONG closed an abbreviated session higher, although investors were cautious ahead of the holidays. The Hang Seng index rose 45.53 to 7,342.65, having earlier overcome a near 30-point loss.

SYDNEY closed broadly lower on selling of resources issues because of lower metal prices. The All Ordinaries index lost 5.9 at 1,856.7 in light trading, with an estimated A$280m of stock traded.

Friday's fall in the price of gold, along with other base metal prices such as copper, prompted selling of leading mining issues from the start of trading. The golds index retreated 2 per cent.

NAB eased 8 cents to A$10.40 as some brokers recommended switching to other stocks in the banking sector. ANZ firmed 7 cents to A$4.21 and Westpac 3 cents to A$4.53.

WELLINGTON saw a strong performance by Telecom, up 14 cents at NZ$5.49, lift the market for the third consecutive session. The NZSE-40 index gained 23.14 at 1,966.02 in modest turnover of NZ$23.6m.

Brokers believed that interest in Telecom came ahead of the publication of its results early next month.

BANGKOK's turnover of Bt1.74bn was the lowest since April 1993 as the SET index put on 11.01 at 1,225.79 on institutional, largely domestic, blue chip buying. Last week the SEC approved three new funds with an initial combined value of Bt5.6bn, in an effort to offset weakness in the equity market.

KARACHI was lifted above the 1,800 level on the KSE 100-share index by short-covering among speculative stocks. The index rose 19.16 or 1 per cent to 1,802.56.

Local brokers remarked that, in spite of the rise, sentiment remained weak.

MANILA firmed on buying of major issues and the composite index ended 15.68 higher at 2,419.64.

The commercial-industrial sector, led by bank stocks, was the most active of the sub-indices. Turnover thinned to 640.4m pesos from 1.16bn pesos.

BOMBAY saw renewed demand by domestic mutual funds, two days after the government lifted its ban on futures and options trading, and the BSE-30 index climbed 69.98 or 2 per cent to 3,575.79.

Brokers said foreign mutual funds had toned down their selling pressure and they forecast that the index was likely to recover a further 50 to 70 points in the next two days.

S African golds lose 5.2%

Johannesburg's declines accelerated in the afternoon after a drop in gold bullion and on renewed worries about developments in the Latin American emerging markets.

Early falls had followed steep losses for South African ADRs in New York on Friday.

The overall index was 70.9 weaker at 5,092.1, industrials ended 59.8 down at 6,271.9 and golds fell 82.1 or 5.2 per cent to 1,495.2.

De Beers finished R2 off at R85.50 and Anglos was R5 cheaper at R90. Gold Fields fell R6 to R92. However, foreign demand took Barlows 50 cents higher to R31.50.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY JANUARY 27 1995								THURSDAY JANUARY 26 1995					DOLLAR INDEX		
	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (68)	165.37	0.3	153.99	103.59	129.98	144.24	0.6	4.00	164.93	153.61	103.60	129.88	143.34	189.15	161.21	179.56
Austria (16)	175.37	0.2	163.30	109.85	137.84	137.73	-0.1	1.18	175.08	163.06	109.98	137.87	137.93	198.89	167.48	190.01
Belgium (35)	168.55	0.4	156.96	105.59	132.49	129.61	0.2	4.28	167.91	156.38	105.47	132.22	129.28	177.04	161.53	166.28
Brazil (28)	143.31	-3.2	133.45	89.77	112.64	222.77	-3.0	1.01	148.05	137.89	93.00	116.59	229.74	-	-	-
Canada (103)	123.65	-1.4	115.14	77.46	97.19	126.68	-1.2	2.73	125.38	116.78	78.76	98.73	128.22	143.28	120.54	140.30
Denmark (33)	252.84	1.2	235.26	158.26	198.58	205.20	1.1	1.45	249.65	232.51	156.82	196.59	202.93	275.79	236.61	268.22
Finland (24)	186.55	0.9	173.72	116.86	146.63	184.92	0.8	0.75	184.89	172.19	116.14	145.59	183.79	201.41	133.86	146.55
France (102)	160.51	-0.6	149.47	100.56	126.16	132.14	-0.4	3.25	161.48	150.40	101.44	127.16	132.72	185.37	157.79	178.91
Germany (58)	140.76	0.2	131.08	88.18	110.64	110.64	0.0	1.88	140.53	130.88	88.28	110.66	110.66	150.40	128.37	132.02
Hong Kong (56)	290.53	0.4	270.55	182.00	228.37	288.44	0.4	4.34	289.43	269.56	181.81	227.92	287.29	493.01	277.40	469.85
Ireland (16)	210.50	-0.4	196.02	131.86	165.46	188.46	-0.3	3.32	211.33	196.82	132.75	166.42	189.11	216.60	177.56	203.01
Italy (59)	80.17	-0.3	74.66	50.22	63.02	95.77	-0.2	1.62	80.39	74.87	50.50	63.31	95.94	97.78	67.25	71.07
Japan (484)	142.30	0.1	132.52	89.14	111.86	89.14	-0.2	0.85	142.17	132.41	89.30	111.95	89.30	170.10	139.45	140.98
Malaysia (97)	418.90	0.4	390.09	262.41	329.27	412.61	0.4	2.04	417.12	388.49	262.02	328.48	411.01	594.76	398.18	487.30
Mexico (18)	1048.76	-1.6	976.61	656.96	824.34	6449.93	-2.6	1.59	1066.10	992.92	669.68	839.52	6620.72	2647.08	1028.59	2454.86
Netherland (19)	221.87	0.7	206.61	138.99	174.40	171.61	0.6	3.37	220.35	205.22	138.41	173.52	170.66	223.30	191.28	201.63
New Zealand (14)	72.60	1.2	67.61	45.48	57.07	60.21	1.4	4.88	71.73	66.81	45.06	56.49	59.37	77.59	62.05	72.22
Norway (23)	212.83	1.0	198.19	133.32	167.29	191.38	0.9	1.81	210.65	196.19	132.32	165.88	189.58	214.65	177.53	198.64
Singapore (44)	335.78	1.9	312.68	210.34	263.93	224.60	1.8	1.91	329.57	306.95	207.02	259.53	220.60	401.38	294.68	340.00
South Africa (59)	293.04	0.8	272.88	183.57	230.34	259.40	-0.1	2.57	290.62	270.67	182.56	228.85	259.80	342.00	205.55	254.40
Spain (36)	130.63	0.3	121.64	81.83	102.67	130.21	0.2	4.45	130.17	121.23	81.77	102.51	129.90	155.79	124.87	151.06
Sweden (46)	238.17	0.5	221.79	149.19	187.21	262.53	0.3	1.49	237.11	220.83	148.94	186.72	261.69	242.81	196.70	221.94
Switzerland (47)	164.28	0.0	152.97	102.91	129.12	129.48	-0.3	1.88	164.33	153.05	103.22	129.40	129.88	176.56	149.91	169.93
Thailand (46)	135.24	0.1	125.94	84.72	106.31	131.54	0.1	3.01	135.05	125.78	84.83	106.35	131.45	-	-	-
United Kingdom (205)	195.15	0.5	181.74	122.26	153.41	181.74	0.5	4.25	194.24	180.91	122.02	152.96	180.91	214.96	181.11	209.50
USA (513)	192.68	0.5	179.42	120.70	151.45	192.68	0.5	2.90	191.73	178.57	120.44	150.98	191.73	196.04	178.95	194.00
Americas (662)	177.17	0.3	164.98	110.98	139.26	148.61	0.3	2.86	176.55	164.44	110.90	139.03	148.09	-	-	-
Europe (723)	169.17	0.2	157.53	105.97	132.97	148.08	0.2	3.15	168.80	157.21	106.03	132.92	147.83	178.58	160.59	173.27
Nordic (128)	228.80	0.7	213.06	143.32	179.84	213.60	0.6	1.39	227.18	211.58	142.70	178.90	212.37	233.91	197.70	213.23
Pacific Basin (809)	149.12	0.2	138.87	93.41	117.22	97.46	-0.1	1.25	148.88	138.66	93.52	117.24	97.51	176.86	145.93	153.85
Euro-Pacific (1532)	157.38	0.2	146.56	98.59	123.71	117.01	0.0	2.10	157.09	146.30	98.67	123.70	116.96	175.14	154.73	161.77
North America (616)	188.40	0.4	175.44	118.02	148.09	188.19	0.4	2.89	187.62	174.74	117.86	147.75	137.40	192.73	175.67	190.72
Europe Ex. UK (518)	151.50	0.1	141.08	94.91	119.08	128.12	0.0	2.51	151.39	141.00	95.10	119.21	128.13	158.12	144.12	150.67
Pacific Ex. Japan (325)	217.48	0.5	202.52	136.23	170.94	191.16	0.7	3.50	218.30	201.45	135.87	170.33	183.93	291.75	211.19	276.89
World Ex. US (1740)	157.87	0.1	147.01	98.90	124.09	120.13	0.0	2.11	157.68	146.85	99.05	124.17	120.17	176.65	155.42	163.78
World Ex. UK (2048)	165.66	0.2	154.27	103.78	130.22	137.68	0.1	2.20	165.27	153.93	103.82	130.15	137.71	178.59	163.46	169.34
World Ex. Japan (1769)	183.70	0.3	171.06	115.07	144.39	173.85	0.3	3.01	183.11	170.54	115.02	144.19	173.34	195.20	176.34	191.29
The World Index (2253)	168.25	0.3	156.67	105.39	132.25	141.81	0.2	2.40	167.81	156.29	105.41	132.15	141.58	180.80	165.92	172.84

Constituent change 30/1/95: Name change: Ashland Oil to Ashland Inc. (USA). Constituent changes with effect 31/1/95: Deletions: Magneti Marelli (Italy) and Portals Group (UK). Name change: Gilardini to Magneti Marelli (Italy). Latest prices were unavailable for this edition.